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"SOGRAPE: HOW TO SUCCESSFULLY LAUNCH A RED WINE BRAND IN A CATEGORY LED BY PRICE AND NO OTHER BRANDS"

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Abstract

The Portuguese wine market is diverse and challenging with a wide array of wines offered. Moreover, the market is also highly price and promotion sensitive, creating a daunting mission for a brand to stand out. Sogrape's challenge is to create a new red wine brand to target younger consumers, who feel disconnected from the wine category. This report analyzes how Evaristo can gain full market coverage and become established as a dominant player in the Lisbon red wines category. Consequently, extensive research, marketing mix and implementation were developed for Evaristo, to attract young adults to the red wine category.

Keywords: Sogrape; marketing plan; red wine; alcoholic beverages; Evaristo

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Executive Summary

The following report aims to deliver a market research and marketing strategy for Sogrape, a Portuguese wine producer and distributor.

The Portuguese wine market is highly fragmented, and consumers are extremely price and promotion sensitive, making it difficult for a brand to stand out. Moreover, there is a gap to be filled in the market, as only a small part of Portuguese young consumers drink wine, mainly due to its taste and because wine brands do not speak to this age group. To this end, Sogrape has produced a new red wine to target young consumers, who feel disconnected from the wine category, called Evaristo.

The first section of this report focuses on general market trends within the wine industry, that can influence Sogrape. Additionally, insights from store visits, and main findings from the qualitative and quantitative researches performed are also presented.

The second part of the report provides a marketing plan for Evaristo, including marketing strategy, branding, product, pricing and distribution strategies, as well as a communications plan, with the goal of attracting young adults to the wine category.

Lastly, a financial analysis of the project is performed, and a contingency plan is outlined, covering different scenarios of underperformance this new brand can face.

1. Situational Analysis

1.1. Market Overview

The wine market is inserted within the broader alcoholic beverages segment, made up of Wine, Spirits, Beer, Cider, and RTD's (Ready-To-Drink) (Exhibit 1). The wine category comprises of Fortified Wine and Vermouth, Non-Grape Wine, Sparkling Wine and Still Light Grape Wine (Exhibit 1). Some of the most common wine market segmentations are by color (red, white or rosé), by region, tied to where the grapes are harvested and the wine is produced, and by type, which depends on the process through which it is produced as well as the types of grapes used (e.g., Port, Muscat) (Exhibit 2).

Portugal is perceived as having high wine consumption, with 61.9 liters of wine consumed per capita above 15 years old in 2018 and was placed as the second in the top wine consuming countries in Europe (Instituto da Vinha e do Vinho 2020) (Pordata 2020) (World Health Organization 2018).

In 2019, wine market sales in Portugal amounted to 506.7 million litters (Euromonitor International 2020). In the same year the Portuguese national red wines' market grew by 7.08%, in sales value, in hypermarkets and supermarkets (Nielsen 2019). This is a market that is highly driven by promotion, as from the top 10 national red wine brands with the highest market share in 2019, all had more than 50% of their volume sold on promotion[1] (Exhibit 3) (Nielsen 2019). The national red wine brand with the highest market share in 2019 reached only 2.59% of the total sales value (Exhibit 4), with the closest competitor not reaching half of that. As so, there is no brand with clear dominance, leading to a highly fragmented market.

The picture is quite different once the focus shifts over to the red wines produced in the Lisbon region, designated Lisbon's red wines. In this segment of the red wine market, there is a clear

[1] Promotion here refers mostly to price promotion, but also packs and special displays, on hypermarkets and Supermarkets

market leader, Mula Velha (from the retailer Sonae), with 47.35% of the market share in value in 2019, followed by Capote Velho, who reaches only 6.78% (Exhibit 5) (Nielsen 2020).

Lisbon’s red wines segment grew only 2.5% in value, in 2019, losing way to other regions. It has a lower promotional intensity when compared to the total Portuguese market. This is observed, not when contemplating the segment leader, Mula Velha, which sold 80.7% (Exhibit 6) of its volume on promotion, but when analyzing the remaining top 10 selling brands, as most of them had their sales on promotion under 50% of their total volume sold (Nielsen 2020).

1.1.1. On-trade Vs Off-trade

Regarding distribution channels, most of the sales in the total red wine category were completed through the off-trade channels – such as Retail – correspondent to approximately 70% of the total sales (Euromonitor International 2020). This channel is characterized by intense promotional activity across the brands in the segment, leading to tighter margins for all of the supply chain members; a high number of points of sale are characterized by fierce competition on promotions; and a large product portfolio within the red wine segment.

For the total wine market, off-trade sales volume is mostly comprised of **supermarkets,** which are the most relevant, with 51% of the sales volume for the market, followed by **hypermarkets**’ sales volume which represents 29,1% (Euromonitor International 2020).

Producers have also been trying to develop their position within the on-trade channel – referred as HoReCa (Hotels, Restaurants and Cafes), due to the pre-Covid-19 increase in tourism demand and in the number of restaurants (Euromonitor International 2019), which boosts the wine sales value performance. This channel also supports more premium brands and differentiated wines that have higher average unit prices and do not suffer as much from the cut-throat price competition experienced in the off-trade channel. This is due to both, the importance of the end-benefit of purchasing a bottle of wine to have alongside a meal, an occasion in which the consumer values more wine quality rather than price, as well as due to the reference values of alternative wines, which re-frame customer's mindset. As it happens, some restaurants have wines that are highly priced solely to work as an anchor for price perception and re-frame the price points of other wines (Nagle and Muller 2018). In this channel, restaurants are also increasing their offering of "wine by the glass", reaching less-intensive drinkers and motivating consumers to try new wines, capturing more consumer surplus (Euromonitor International 2020).

1.2 Market Future Trends

From the latest available data, in October 2020, consumer prices in Portugal fell 0,10% YOY, being estimated to grow to 1,20%, in 12 months. In the long term, the Portuguese inflation rate is expected to grow to 1,50% in 2022 (Trading Economics 2020). Moreover, the Portuguese economy decreased 5,80% YOY in the third quarter of 2020, being estimated a GDP reduction at 8,50% in 2020, followed by a growth of 5,40% in 2021 (Trading Economics 2020).

Looking into the alcoholic drinks' category, due to Covid-19 the YOY total volume sales are forecasted to decrease 12,10% in 2020, mainly due to the closure of on-trade establishments, cancellation of summer events and the fall of tourism. Still, the market is expected to recover and grow 14,80% between 2020-2024, reaching 1076,7 million liters in 2024 (Euromonitor International 2020).

The wine category is also estimated to be impacted by the pandemic, with the YOY total volume sales decreasing 6,40% in 2020 but is expected to recover during the forecasted period of 2020-2024. Yet, wine is estimated to record a 0% total volume CAGR in this period, reaching 513,5 million liters in 2024 (Euromonitor International 2020).

Concerning the wine category, a few marketing trends should be noted. **(1)** Firstly, there is an increasing concern regarding health and consequently more **consciousness concerning alcohol intake**. Hence, some wine producers are developing alternatives with less alcohol, reflected trough the alcohol by volume (ABV), mainly through rosé and white wines, showing smoother, lighter and sweeter tastes. This trend also aims to capture young consumers and increase the female customer base (Euromonitor International 2020). **(2)** The second trend is **Enoturism**. As wine is one of Portugal's star products and with the increase in tourism demand, especially in Lisbon and Porto, Enoturism is becoming more relevant. Drawing new and affluent visitors to the vineyards, tourists can learn about the production process as well as try the local wine, creating an immersive experience (Euromonitor International 2020). **(3)** Thirdly, like in other alcoholic beverages, **"Premiumization"** is also a relevant trend. Consumers are now looking for higher quality wines, and consuming it less frequently, revealing a shift from quantity to quality (MarketLine 2018). This trend is seen through the quality certification, higher unit prices and unique product experiences. With this, consumers show more knowledge about the category as well as an increasing openness to pay for higher quality and differentiated wines (Euromonitor International 2020). **(4) Canned wine** is a growing packaging trend to appeal to younger consumers. On the one hand, it is more convenient and practical since it does not weigh as much as a glass bottle and does not need a corkscrew-like the traditional packaging. On the other hand, for younger consumers (mostly millennials) who do not have a strong relationship with the tradition of drinking wine, this is a viable solution to compete with other alcoholic beverages in less formal events (e.g., festivals, bars etc.). Canned wine is one of the fastest-growing trends in the wine category, mainly due to key markets such as Germany, the United States and the United Kingdom (MarketLine 2018) (Forbes 2019) (Euromonitor International 2020). **(5)** Finally, due to Covid-19, as on-trade is facing prolonged lockdown and possible closure of numerous establishments, wine producers will have to rely more on the off-trade channel and possibly increase online presence. As meal delivery platforms (e.g., UberEats and Glovo) increase the demand for their services, players in other alcoholic categories (such as Central de Cervejas) have already established partnerships with UberEats to distribute their products (Euromonitor International 2020).

2. Five C's Analysis

2.1. Company

Sogrape (Sogrape SGPS, S.A) is a Portuguese family-run business with over 75 years of experience of operations in the wine and spirits industry's goods and services. Beginning in 1942 with its classic rosé wine, *Mateus* - Sogrape has since expanded to include 41 alcohol brands and has gained international esteem. Currently headquartered in Avintes, Porto, Sogrape has distributors and producers operating on five continents, within 120 different markets (Sogrape Annual Report 2019). Globally the company has employed roughly 1000 people and is currently listed as privately held. Financially, within the last year, Sogrape has achieved an increase in turnover, EBITDA (Exhibit 7), and has had a growth in overall hectares of vineyards (Sogrape Annual Report 2019). A majority of sales for their wines are sold within the company's "big four" markets (Portugal, Spain, United Kingdom, and the United States) and the most eminent brands sold include: Mateus, Casa Ferreirinha, Sandeman, and Lan (Exhibit 8). With such significant growth, the company continues to pursue expansion worldwide and seeks to gain even more recognition for its diverse wines.

Sogrape's mission is "to be the reference point for Portuguese wines of quality and traditional family values, focusing on the development of relevant brands for the consumer in priority markets." (Sogrape Vinhos S.A. 2020). These values extend to all shareholders, clients, consumers, suppliers and society as a whole. As of 2019, Sogrape will focus on Sustainable Growth, Focus, and Efficiency. To ascertain these goals, the company will seek to invest in human capital, innovation, and development resources (Sogrape Annual Report 2019).

The company can be segmented into two overarching enterprises: **Sogrape Distribuição (SDT)** which focuses on distribution within the Portuguese territory and **Sogrape Vinhos** which aims to establish strong and enticing wine brands globally[2]. Although recognized as being separate

[2] Sogrape Vinhos is the main enterprise in contact and helped in contribution to following proposal of "Evaristo".

entities, both enterprises work mutually to create cohesive brands both locally and internationally. Sogrape Distribuição includes the commercial department, marketing department, and the management planning and control departments within Portugal. While within Sogrape Vinhos[3], the company focuses on the branding of all their wines, which have been categorized into three sections: Port wines, Fine wines, and Branded wines.

2.1.1. SWOT Analysis

The following SWOT analysis was generated for Sogrape to better understand the company and the circumstances in which it operates in the current wine market.

Strengths [S]	**Weaknesses [W]**
- Reference company in wine category - Positive reputation and presence both in Portugal and internationally - Efficient supply chain and route to market - The 75 Years of experience - Diversified Portfolio of products - Strong Financial Performance across different segments and markets	- No product offering of red wine that is new user friendly - Market fragmentation, which makes it hard for a brand to stand out and lowers bargaining power with distributors - Hi-Low pricing in the wine category makes Sogrape vulnerable to other wine producers - Existing gaps in the distribution channels
Opportunities [O]	**Threats [T]**
- Enoturism increase - Alcohol intake consciousness - "Premiumization" - Non-wine drinkers - New wine drinking occasions - Canned wine - Online channels expansion	- Strong Portuguese competitors that offer lower prices - Dependence on climate conditions to assure raw materials - International Competition - Alternative acholic beverages (E.g., Beer, Ciders etc.) - Impact of Covid-19, particularly on on-trade partners

[3] For the following proposal, Sogrape Vinhos will be referred to as Sogrape. If explicitly stated as Sogrape Distribuição then a reference is being made specifically to this enterprise.

2.1.2. Sogrape's Current Product Offering

Sogrape offers a wide array of products within wine and spirits (Exhibit 9). These include Sogrape's owned brands and international brands that are represented by the company in Portugal. Some of Sogrape's most notable global brands include Mateus Rose, Sandeman, Porto Ferreira and Offely. Each is recognized as a global brand and its distinct features within each category, Rosé and Port wines. A few other respected wines the company offers include: Barca Velha, Casa Ferreirinha, the wines of Quinta dos Carvalhais and Herdade do Peso, Vinhos Verdes of Quinta de Azevedo, Gazela, and Grão Vasco (Sogrape Vinhos S.A. 2020).

Due to its diverse wine offerings, Sogrape has categorized its wines into Port, Fine, and Branded wines. **Port Wines** focus only on the products the company offers that are defined as Port wine. A well-known and highly awarded Port Wine offered by Sogrape is Sandeman. **Fine Wines** focus on wines with heritage and higher product quality (terroir and premium wines)[4]. Some examples include Casa Ferreirinha, Herdade do Peso, and Quinta dos Carvalhais. Lastly, **Branded Wines** emphasize the wines that offer lifestyle benefits and contain a personality of its own. The focus of these wines is less about the history or heritage that the wine possesses, but more about what the wine offers to the consumer's life. The greatest example of this category is Mateus Rosé, which has established a strong brand presence.

2.2. Competitors

Sogrape's direct competitors are defined as producers who have the same product offering. The most relevant of which are Primedrinks, producer of red wine market leader, Monte Velho, with 2.7% of the wine market share in Portugal; and Cooperativa Agrícola de Reguengos de Monsaraz CRL (Carmim), an agricultural cooperative with 1.6% share of the market; following Sogrape's 3.0% (Euromonitor International 2020). Thus, the three firms' concentration ratio is

[4] Terroir – "the complete natural environment in which a particular wine is produced, including factors such as the soil, topography, and climate". This is a common word used in the wine industry to describe a unique flavor. (Dictionary.com, LLC 2020)

7.3%, portraying the high market fragmentation and intense competition. The smaller producers and cooperatives reached a combined market share of 78.0% in 2019, and the increasingly critical private labels reached 8.9%, hinting at a high price sensitivity in the market.

Regarding producers, the competition between wine brands is extremely intense, due to the number of different players in the market, with no clear leader, and increased difficulty in creating differentiating factors, which generate a highly scattered market. A symptom of the current high market fragmentation is the number of SKUs available in retail chains, and the sheer dimension of the wine aisle themselves compared to any other category.

Furthermore, Sogrape indirectly competes with different categories for the occasions of consumption as meals and gatherings, and end benefits, such as "getting drunk", unwinding, or "to refresh". The most relevant are beer, cider and distilled spirits, within alcoholic drinks, and, depending on the occasion, coffee, juices, sodas, and even water in the broader beverages market.

The most relevant of these is the alcoholic beverages market, in which national beer is the most consumed drink in all the consumption occasions, except for meals at home where it comes second to red wine (AMINT 2016). The biggest drivers for beer consumption are "For pleasure/ unwinding" (42.9%), "Enjoying the flavor" (21.0%) and "To refresh / to quench your thirst" (12.3%) (AMINT 2016). Although these criteria must be taken into account when designing a new product, it is important to note that different alcoholic beverage segments are deeply associated with varying occasions of consumption, in the macro competitive landscape. Wine is highly perceived as a meal drink for the segment between 18 and 34 years old (AMINT 2016).

2.3. Context

2.3.1. Political Environment

Portugal is evaluated as a relatively politically stable country. The average value for Portugal during 1996 to 2019 was 1.02 points in terms of political stability index. The lowest was 0.72

points in 2010 while the highest was 1.44 points in 2002. The latest number was 1.13 points in 2019. This was a large difference compared to the world average, which was -0.05 points (TheGlobalEconomy 2020).

There is no doubt that the wine industry is heavily supported by the European Union and the government, on a national level. Being one of the backbones of the Portuguese economy, Portuguese wine corresponds to 45.2% of national exports' total volume (TheGlobalEconomy 2020). In the context of Covid-19, to help the wine sector, 18 million euros were invested: 12 million for distillation and 6 million for storage (FeelPortugal 2020).

In terms of taxation policies, Portugal in one of 14 countries from the European Union that does not have a tax on wine consumption (Imposto Especial de Consumo - IEC) (Jornal Económico 2018). The same does not happen for other alcoholic drinks, such as beer. Between 2018 and 2019 there was no change in taxation in alcoholic beverages. Still, players in the market state that there is a loss of competitiveness, especially when comparing the Portuguese market with the Spanish market, which has significantly lower taxation (Euromonitor International 2020).

2.3.2. Economic Environment

As of 2021, the Portuguese economy will be characterized by global uncertainty factors, such as trade tensions, geopolitical conflicts and the effects of a global pandemic. Overall, the Portuguese GDP growth rate is forecasted to stand at 1% in 2021 and 0,5% in 2022 (Trading Economics 2020). As a growth driver, domestic demand will contribute at a lower rate due to decreased private consumption and investment (Caixa Bank Research 2020). With this, it is expected a decrease in disposable income, due to the rise of unemployment, as a consequence of Covid-19 (Euromonitor International 2020). Indeed, 55% of Portuguese people will have lower personal income due to the pandemic (McKinsey 2020).

Considering the pessimistic economic environment, consumers' purchasing capability will be diminished, which can directly impact the wine market. The wine industry is facing more price-sensitive consumers and the possibility of smaller number of future sales.

2.3.3. Social Environment

Portugal's social environment in Portugal is favorable for the wine industry, related to the loyalty to national wine demonstrated by Portuguese people. The consumption of foreign wines is almost negligible in Portugal, excluding sparkling wines. This is because of the high quality of national wines and lack of knowledge and informed opinion on foreign products. Besides, foreign wines, are more expensive than Portuguese wines (Rebelo *et al*. 2019).

However, since the Covid-19 lockdown, wine consumption frequency and typical spending per bottle have dropped. The reasons for this could be the restrictions on social gatherings and lower personal income. Nevertheless, a great number of Portuguese wine consumers show expectation to better quality wine post-lockdown to reward themselves (WineIntelligence 2020).

Furthermore, the Portuguese population is ageing. The working-age population (15 to 64 years old) is predicted to decrease from 6.6 to 4.2 million people, between 2018 and 2080 (Instituto Nacional de Estatística 2020).

2.3.4. Technological Environment

Regardless of long winemaking history, Portugal is one of the few countries that takes advantage of innovative technologies in wine production. Such as the introduction of drones, robots, infrared cameras, Normalized Difference Vegetation Index (NDVI) readings, and Plant Cell Density (PCD) maps. Tractors with GPS, on-board computers and air conditioning are used in planting. This technological advancement helps to deal with the shortage of workforce. On the other hand, it improves the quantity and quality of grapes and wines, since producers have more knowledge about the soils and vines (Dinheiro Vivo 2018). The new technologies come from international cooperation and governmental support.

From a selling perspective, there is a shift in consumers behavior towards online channels (Euromonitor International 2020). In 2018, e-commerce in Portugal increased 17%, reaching 5 billion euros (CTT 2019). There is no doubt that this growth will continue, and Covid-19 will boost even further this trend, not only in Portugal but all over the world. In Portugal, the age group between 22- and 37-years old resorts to most of the buying online (66%), and Portuguese women (57%) buy more online than men (Marketeer 2020). This trend gives the wine sector more opportunities, with the rise of new distribution channels.

2.3.5. Ecological Environment

Several conditions define a wine's success, namely the grape and the region where it is produced. In the next decades, climate change is an issue that is expected to impact several industries, the wine industry being one of the most exposed. Many wine producers are already experiencing reduced yields, due to water shortages and increased temperatures (MarketLine 2018). Consequently, phenology, growth, development, wine traits and typicity[5] would be modified. Moreover, each region's viticultural suitability will change, which will require a reorganization of distribution according to the new optimal conditions (Fraga *et al*. 2017). It is possible that in the future famous wine regions start to lose their famous products, due to a decrease in favorable conditions, while other countries that are not known to produce wine are beginning to have promising conditions to produce (MarketLine 2018). (MarketLine 2018).

2.3.6. Legal Environment

The alcoholic drinks industry is highly regulated in Portugal, particularly in terms of selling and advertising. All alcoholic drinks are subject to a number of advertising restrictions, regulated by the Instituto Civil da Autorregulação Publicitária (ICAP), concerning when, what, and to whom to advertise. Thus, all communication must comply with the code established by

[5] "Typicity is a term that indicates the degree to which the characteristics of a wine reflect its delimited geographical area, and is influenced by terroir, grape variety, and viticultural and winemaking techniques" (Souza Gonzaga *et al*. 2019).

this entity ("Código de Auto Regulação da Comunicação Comercial em Matéria de Bebidas Alcoólicas"). If a violation of the code is identified by any entity, they are able to file a complaint, and the jury from Auto Regulação has the right to stop the campaign. For example, on TV and radio, alcoholic beverages can only be advertised from 10:30 pm to 7 am, and all advertising is legally required to state: "Be Responsible, Drink with Moderation". However, in the digital platforms, these advertising restrictions are not as well established, thus there is no restricted time window for online advertising. Still, the online alcoholic beverages sellers are mandated to have a banner that pops-up ("Age Gate") whenever their website is opened, asking if the user is of the legal age to consume and purchase alcohol. And block the users entering the website if the answer is negative. Moreover, in Portugal, the legal purchasing and drinking age of alcohol is 18 years old[6].

Additionally, due to Covid-19, new laws have been put in place that has ultimately affected the sales of alcoholic beverages. As off 15th of September of 2020, establishments, both on-trade and off-trade, can only sell alcohol until 8 pm, to avoid social gatherings. As a consequence, 18.1% of young people have decreased alcoholic consumption (Observador 2020).

2.4. Collaborators

Collaborators are the entities working, upstream or downstream, with a company to achieve all business goals. In Sogrape, collaborators can be organized into four groups: Production – agriculture and enology, filling and bottling; Distribution; Retailer touchpoints and Advertising partners. Overall Sogrape counts with 119 partners (Argomaniz, Ricardo Interview 2020).

2.4.1. Production

Regarding the production of wines in the company, there are two major collaborators: grape suppliers and dry raw materials suppliers which include bottles, corks and labels.

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[6] Decreto Lei nº50/2013, April 16th

Concerning grape suppliers, Sogrape collaborates with different suppliers, besides its owned vineyards. In high-level brands such as Sandeman, Herdade do Peso, and Casa Ferreira, grapes are sourced by Sogrape's own vineyards. The remaining brands can be supplied from a combination between Sogrape's owned vineyards and external grapes suppliers, or exclusively by the latter. Regarding dry raw-materials suppliers, Sogrape never works with a single supplier in order to avoid the risk of not being supplied under certain conditions. In the case of cork suppliers, Sogrape works mainly with Corticeira Amorim, but also with smaller cork suppliers. Having that said, Sogrape works with several collaborators with regards to dry raw materials (Argomaniz, Ricardo Interview 2020).

2.4.2. Distribution

The distribution collaborators of Sogrape Vinhos appear first within the company, through Sogrape Distribuição. This is the most important collaborator ensuring that products are delivered to both regional distribution and trade partners. Sogrape Distribuição supplies directly to the biggest retailers in the modern trade channel (e.g., Sonae, Pingo Doce, Makro and Recheio), since they work with centralized distribution. Additionally, to cover the small trade partners in both Modern Trade and HoReCa channel, Sogrape Distribuição collaborates with two Regional Distribution partners: Solbel, to cover the Lisbon Area; and Garrafeira Soares, to cover the Algarve Region. Regarding sales in the online channel, Sogrape collaborates with Wine.pt, being responsible for the distribution of sales made in the Sogrape´s e-commerce platform, VinhoemCasa.com (Argomaniz, Ricardo Interview 2020).

2.4.3. Retailer Touchpoints

As retailer partners, Sogrape collaborates with hypermarkets, supermarkets, cash-and-carry, who sell Sogrape´s products to the end-consumer.

The Modern trade is the one with the highest weight among all channels' touchpoints representing 65% of total sales of the company, being the major collaborators: Sonae, contributing for 20% of total Sogrape´s sales; followed by Pingo Doce, accounting for 15% of total sales. The remaining sales are distributed by the other trade partners. Nonetheless, these percentages can vary according to each specific brand (Argomaniz, Ricardo Interview 2020).

2.4.4. Advertising Partners

Finally, regarding advertising partners, Sogrape does not permanently work with the same collaborators. Sogrape evaluates case by case, considering a brand's budget and goals, and proposes a contest for each advertising partner, to see which one fits better with their needs. Depending on this, they will be chosen for the project. Furthermore, there are several possible tasks attributed to the advertising partners. Each can be responsible for Media management of both TV and Social Media, Communication strategy (normally attributed to a Creative agency) and artworks creation and development (Argomaniz, Ricardo Interview 2020). Sogrape rarely works with a single partner on this matter, unless the one chosen for a specific brand can efficiently develop and work with all tasks presented. Otherwise, multiple partners will be assigned for each task and for each brand.

2.5. Customers

There are various influencing factors and drivers that shape consumers' decisions regarding the wine industry, as underlined below.

2.5.1. Factors and Main Drivers Influencing Wine Consumption

There are a variety of influencing factors and drivers that shape consumers decisions when it comes to the wine industry, as underlined below.

First, **taste** plays a key role in wine consumers decisions. It is a major driver of why some customers choose one type of wine over another (red, white, and rose wines). Second, the **occasion** in which someone is choosing to drink wine also impacts the consumer's decision. The term occasion has a wide range of definitions, but some examples include family gatherings, a celebration with friends, or even having a drink on a terrace with work colleagues.

Although user occasions vary from person to person, the **occasion** driver plays a pivotal role in determining what type of wine the consumer chooses. Many wines have also become associated as part of dinnertime or adding to one's meal. Therefore, **mealtimes** possess an influence on consumers wine drinking decision. Another factor that influences the consumer is the **wine price** and if a **promotion** is offered with the wine. Within Portugal, the promotion has come to influence decision immensely. Many wine consumers will choose to buy wine in bulk while on promotion because they feel they are receiving a bargain for the wine, especially in a country where wine can be bought for a cheaper price, with the average price per liter being around 3,2 € in 2020 (Nielsen 2020). Lastly, another major driver on consumer decisions within Portugal is the **region**. Three major regions that receive considerable recognition are Alentejo, Porto, and Douro. While other regions also receive credit, the three listed regions tend to bias consumers' decisions (AMINT 2016).

The factors underlined above play vital roles in the consumers' decisions, both exclusively and jointly, when reviewing an end consumer's purchase verdict. With these factors and behaviors listed the market can then be segmented into five categories.

2.5.2. Market Segmentation within Portugal

The five segmentations of wine consumers include the following: (1) Meal drinkers, (2) Social Drinkers, (3) Young Enthusiasts, (4) Hedonists and (5) Lifestyle drinkers (AMINT 2016).

(1) Meal drinkers – Meal drinkers are wine consumers that drink wine with a meal, as the name describes. Meal drinkers consist of more males than females, with an average age of about 46 years old. This segment appreciates red wine the most in comparison to other wines (white, rose or green). They are also categorized as drinking regularly (or daily), prefer quality, and usual consumption takes place in a home (their own or a friend's home). Specifically, within Portugal, the meal drinkers will pay more for a quality product and look for promotions or discounted price offerings (AMINT 2016).

(2) Social Drinkers – This type of wine consumer is considered someone who is social and prefers drinking in bars, pubs, professional settings and other occasions. This type of consumer contains more males than females and they consider wine to be a good drink for all occasions. Within this category, red wine is most preferred and the general consensus from this type of segment is that wine offers a feeling of a good environment when drinking. An important note is that these consumers look for information on food and drinks that they purchase, show interest in buying wine online and seek promotions regularly when shopping (AMINT 2016).

(3) Young Enthusiasts – In this segment consumers drink because they like the taste of wine. Within this group, they mostly drink beer. This segment contains more females than males. In terms of wine, red is the least consumed and they drink wine because they like the taste. These are also energetic younger people (average age of 27 years old), who socialize and enjoy a variety of outings like drinking on a terrace, in a bar or in a night club. They also like to test new products and potentially pay more for a specific brand depending on the brands reputations or social perceptions of said brand (AMINT 2016).

(4) Hedonists – Similarly to "Young Enthusiasts", hedonists drink wine because of taste[7]. Most preferred wines include red and green, as well as whisky and liquors. They are less sensitive to price and brand awareness compared to "Young Enthusiasts". This segment contains more males than females, with an average age of 51 years old. This segment frequently looks for information on food and beverages online and in magazines, is not really interested in trying new wine concepts and has also traveled abroad ~1.3 times a year. The segments usual consumption occasion will be informal, in their own home or home of a friend/acquaintance, and will most likely be drinking with friends, family, or colleagues (AMINT 2016).

(5) Lifestyle Drinkers – Lifestyle drinkers are usually wine consumers that believe in taking time for pleasure and relaxation, hence they drink wine to relax and believe drinking

[7] Hedonist is a person whose life is devoted to the pursuit of pleasure and self-gratification. (Dictionary.com LLC 2020)

provides specific benefit to their health. Brand names and quality of drinks are extremely important to this segment. Usually, lifestyle drinkers can be found having a drink in most places, informally with friends, family or colleagues. This segment also likes to drink outside or in terraces and usually prefers red wine and green wine. Overall, there are slightly more males than females and the average age of about 45 years old (AMINT 2016).

2.5.3. Sogrape Challenge: Young Consumers vs. Red Wine

Within each market segment a specific type of consumer can be observed, ranging in specific age, type of personality, and most preferred type of wine (Exhibit 10). But currently within these segments there is a noticeable gap between younger consumers and red wine consumption (Exhibit 11). Sogrape seeks to create an easy to drink red wine brand that younger people can enjoy and consume. With this idea in mind the new red wine brand, Evaristo, was formed to entice young consumers to the red wine category.

3. Evaristo

3.1. Why Launch a New Brand and Main Goals

When trying to meet the challenge previously mentioned, Sogrape needs to create a new brand that is engaging and effective for the target between young consumers and red wine.

Firstly, Sogrape already offers the brand Gazela, in white wines, and Mateus Rosé in rosé wines. However, it is still missing an equally engaging offer within red wines. Secondly, Sogrape is motivated to deconstruct the firmly built mindset younger generations have about wine, which is perceived as neither practical nor youthful. The company aims to change the mindset and instigate red wine consumption. In this way, Sogrape has two challenges: firstly, deliver a red wine that is easier to drink; secondly, deconstruct preconceived ideas of the wine category. The first challenge is already overcome by producing a wine in the Lisbon region, which allows using grape varieties that make wine softer and easier to drink. The second challenge will be resolved by developing a consistent marketing strategy and implementation that can attract young consumers to the red wine category. Ultimately, make Evaristo an equally considered option such as beer, white wine, or any other on the younger consumer´s top choices.

3.2. Approach to the Problem: The Yellow Tail Case

While studying the wine category in Portugal and the opportunity of launching a brand for younger consumers, it was relevant to look at other markets and brands, that tried to solve a similar problem. During the research, Yellow Tail was discovered, an Australian wine brand sold worldwide. The brand’s rational is summed up in “Wine could be fun, easy to choose, easy to drink and easy to understand” (Yellow Tail 2020). It targets those who do not like or consume wine, aiming to change the consumer perceptions around wine by leaving the traditional focus behind to refocus on a more engaging approach.

3.3. SWOT Analysis Evaristo

The following SWOT analysis was generated for Evaristo.

Strengths [S]	Weaknesses [W]
- Easy to drink wine with high quality. - Eliminates complexity of drinking wine.	- High Low pricing and intense price promotion in the wine category makes Evaristo vulnerable to other brands - Perceived Quality when compared with other well-known and established brands
Opportunities [O]	**Threats [T]**
- Attract new category consumers (non-wine drinkers). - Create new wine drinking occasions. - Current behavior of the target (not brand loyal, lack of knowledge regarding wine, wine stereotype)	- Category can be perceived as too complicated and formal. - Lisbon region wines are heavily dependent on price. - *Mula Velha* is the biggest player. - Highly fragmented and very competitive market. - Beer and Cider (and other substitutes) are perceived as “cooler”- main choice for this target.

4. Primary Research

4.1. In-store Observations

To gain insights from consumers in a retail environment, the in-store observations were conducted. In total, 13 stores were visited (7 Hypermarkets, 4 Supermarkets and 3 Convenience Stores). The visited retailers included: Auchan, Pingo Doce, Continente, MiniPreço and E.Leclerc. In 6 of the 13 stores, it was possible to purchase Evaristo.

In general, five key insights were uncovered: (1) There are numerous wine options, which leads to difficult decision-making, especially for non-frequent wine purchasers; (2) Older people (those above the target's age) are observed to be the main wine purchaser; (3) Different retailers organize the wine aisles in different ways. The region, color and price are the most adopted criteria to display wine. This can be a challenge for wine producers, as this can have a strong impact over brands and producers do not have control over this decision; (4) There is a high price-promotion intensity across all the retailers visited. Most retailers set up the "Feira de Vinhos", which is a wine fair that happens yearly in October. Specific spaces will be dedicated to wine with intensive promotion.

Regarding Evaristo's, the bottle was always placed next to different brands. Still, with similar prices. Finally, Evaristo was usually placed in a privileged position on the shelf (Exhibit 12).

4.2. Qualitative Research: Industry Experts

To better understand the wine industry and the technical aspects of this project, interviews with wine industry and advertising experts were conducted.

First, meetings with Ricardo Argomaniz, Paulo Bastos (Sogrape Brand Managers) and Mónica Oliveira (Sogrape Trade Manager) were arranged, where concerns about the wine category and its challenges were discussed, as well as Evaristo future goals and trade organization. Secondly, a meeting was arranged with ByCom, a creative agency responsible for different Sogrape campaigns.

4.2.1. Main Findings

When discussing the wine category with Sogrape, one of the main points discussed was that the wine market is how highly fragmented and extremely price competitive it is within the market. With some producers selling wine bottles at 2€ (which for Sogrape makes it hard to compete). Moreover, it was important to note that in order for a wine to be "easy to drink" and consequently accepted by a younger target, the wine had to be from the Lisbon region since this region allows the use of international grape varieties, making it lighter for wine beginners. Moreover, Sogrape recently acquired Quinta da Romeira, in Lisbon, which will enable the production of this specific wine. In terms of the distribution channels, Sogrape is present on-trade, off-trade and in e-commerce platforms. Regarding distribution, according to Sogrape, online is the future specially to target a younger audience, and it is believed that the wine market will grow online. In addition, these online channels allow for easier scalability and brand expansions to new markets.

About the meeting with the advertising agency, several topics regarding wine advertising were discussed. When communicating a wine brand, it is important to reflect the experience, emotion and lifestyle associated to it, by using storytelling in order to reflect desire for the product. More specifically, to a younger target audience, digital platforms are essential, particularly video, as it is direct, focused and easy to grab attention, passing a clear message to an audience that is always on the go. Furthermore, legal concerns regarding alcohol advertising were made aware, which pose as a challenge to properly showcase a wine drinking experience. Firstly, regarding digital communication it is necessary to have an "Age Gate". Only after filling birth date information, one can display the alcoholic product. Additionally, all website pages must have a "Drink with Moderation" logo. Then, on social media advertisement, it is not possible to invite or promote drinking, however it is possible to use influencers, which is a very common practice. One cannot communicate wine in a way that incites consumers to drink more or let them think he or she will feel different physically or in terms of personality. It is important to also note that Sogrape has a commitment with "Wine in Moderation", a non-profit organization, which needs to be considered in all of Sogrape's brands' communication.

4.3. Qualitative Research: Consumers

4.3.1. Marketing Problem

To understand young adults' alcoholic drinks consumption behavior, motivations to consume alcohol in the different consumption moments, and current perception of the wine category.

4.3.2. Methodology and Interview Guide

The interview guide (Exhibit 13) for this research was roughly defined to serve as a general support for the interviewers, in order to provide some guidance and freedom to the interviewees and better explore the underlying motivations and beliefs on the topic.

First, interviewees were asked to further develop on their alcoholic drinks purchase and consumption behavior and information channels they are exposed to. Second, after filtering the interviewees into Wine Consumers and Non-Wine Consumers, two sets of questions were conducted. The first group (Wine Consumers) were questioned to better understand the reasons to consume wine and their consumption patterns. The second group (Non-Wine Consumers) was questioned to understand their attitudes and feelings towards wine, as well as their reasons not to consume. In order to understand the respondent's involvement with the wine category and their perception, questions regarding brand recall and word association were also done. Lastly, in order to test the product concept, questions were implemented to understand interviewees' openness to try a new wine from Lisbon.

4.3.3. Sample

For this stage, 30 in-depth interviews were conducted. In order to be part for this research, interviewees had to fulfill three criteria, asked through a set of filter questions. All interviewees have to been living in Portugal for the last five years, so there is some degree of knowledge of the market; are aged between 18 and 34 years old; and are active alcoholic drinkers, who have consumed an alcoholic beverage in the past 12 months. In terms of demographic characteristics, the sample consisted of 15 females and 15 males, with an average age of 24 years old. To assess any differences between types of alcoholic consumers, two groups were considered: Wine Consumers (18 out of 30) and Non-Wine Consumers (12 out of 30).

4.3.4. Main Findings

Starting with the **Alcoholic Drinks Category**, beer was the most mentioned and preferred drink (13 out of 30 people), given its association to "easy to drink". It was followed by cider (6 out of 30 people) and wine (4 out of 30 people). Nevertheless, some interviewees also said that their preferred drink depends on the type of occasion. Regarding their perceptions on the different alcoholic drinks, interviewees had a wide range of perceptions for each. Beer was mostly associated with easy to drink with friends, dinners out, and evenings out partying. Some of the adjectives used to describe it were "Light", "Fun", "Friendly" and "Cheap". Ciders and Sangria were associated to "Fresh", "Fruity" and "Sweet", whereas Spirits were described as "Bold", "Strong" and "Expensive". Concerning wine, some interviewees considered wine in general while others distinguished them between the different types of wine. Wine, in general, was considered to be "Serious", "Complicated", "Fancy", "Calm", "Comfortable", "Smooth" and "Witty". It also showed a strong connotation to meals, friends and family. Looking at the types of wine, the two mentioned were red and white. On the one hand, red wine was perceived as being "Calm", "Less Upscale" than white wine, "Intense" and "Part of a Meal". On the other hand, white wine, is seen as "Fresh", "Sweet", "Easy to Drink" and "Summer". The most mentioned driver to drink alcohol was socializing. However, special occasions, relaxation and leisure, experiences associated with previous drinking, mealtimes and wanting to "get drunk" were also a common feature between interviewees. When asked where they usually consume alcoholic drinks most stated both in and out of home but showed more preference for out of home. It is important to note that Covid-19 plays an important role, due to the restrictions some interviewees increased their at-home consumption. In terms of channels where consumers get information concerning alcoholic drinks, word-of-mouth and recommendations from friends and family were the most mentioned (22 out of 30 interviewees). Other channels included Social Media (i.e., Instagram), Point of Sale, TV, Outdoors and Websites/Forums.

Regarding the **wine category**, when asked which wine brands interviewees recalled, the most mentioned were Planalto, Papa Figos, Mateus Rosé and Eugénio de Almeida. However, a total of 59 brands were recalled, reflecting the wine market fragmentation. Concerning their perception of who buys wine, most respondents described older people, elite and sophisticated people, but also people such as themselves as being wine purchasers. This perception contrasted with the perception consumers have of other alcoholic drinks such as beer and cider, which are more associated to "Young" and "Relaxed". About wine purchase and consumption timings, the most common answers were with casual meals with friends and family, social gatherings with friends and family, night outs and special occasions; to gift, as wine is considered to be a special gift for a friend; and unwind, to enjoy after dinner or during a movie. In terms of distribution channels, interviewees mentioned supermarkets and restaurants, with a slight preference for supermarkets. As for wine specific information channels, recommendations from friends and family were the most mentioned, in line with the insights from the alcoholic drinks' category. Interviewees also mentioned wine apps (i.e., Vivino), that provide information about different wines and assistance when choosing a wine.

Looking at the **Wine Consumers**, most interviewees consume, on average, 1 to 2 bottles a week. The top reasons to choose a brand or specific wine are brand familiarity, price and occasion. Other factors considered are flavor, weather, mood, wine region, recommendations, promotion, alcohol level, food to match, price/quality ratio, wine classification and awards and bottle design. On a further note, the preferred brands were very diverse, being the most mentioned Papa Figos (4 out of 18) and Planalto (2 out of 18), with the main factors to be a preferred brand being the taste, price-quality ratio and easiness to drink. Lastly, the most stated reasons for consumers to drink wine, mentioned by 17 out of 18 consumers, are to socialize, given that wine is often the drink of choice to socialize in different occasions with friends or family; and to have with meals, especially with dinner. Other reasons mentioned were to set the "mood", as a good option for a drinking night with friends; to relax and unwind, specially at home, after meals; special occasions, since it is considered a sophisticated drink to be consumed mainly during these times; and to mix, in order to make it lighter and easier to drink.

As for the **Non-Wine Consumers**, there were seven mentioned reasons as to why they do not consume wine, with Taste being the most relevant (9 out of 12 people), as it can be perceived as too bitter, which drives consumers away, choosing sweeter alternatives instead. Other reasons were the strength, which is associated to the alcoholic taste, as wine is considered by non-consumers as too strong and heavy, making it difficult to drink; occasion, as wine is not seen, by this group, as an ideal drink for conviviality, compared to other beverages; price, when compared to other alternatives it is considered to be more expensive; there are a lot of wine choices in the market, leaving consumers overwhelmed; consumers feel that they don't have enough knowledge about the wine category, which makes it too complicated and not enjoyable to drink; and wine is not refreshing, thus not suitable for consumers who prefer cool and refreshing drinks. When asked in what situations would wine be an option for them, all interviewees showed some openness to it, with most of them saying meals, special occasions or if a friend recommended a specific wine.

The last part of the research aimed to **test the product concept** among the target group. Almost all interviewees would be willing to try a new red wine from Lisbon, more specifically 15 out of the 18 Wine Consumers and all Non-Wine Consumers. Both groups mentioned recommendations, bottle design and perceived taste and strength as additional influencing factors. Wine consumers further mentioned price and curiosity, while non-wine consumers stated that, product test, experimentation, and brand recognition from advertisement would be relevant. On the other hand, the perceived taste as too sweet and the fact that it is a Lisbon wine and lack of knowledge of wine from this region, with the view that Alentejo and Douro wines are better, could stop consumers from trying it.

4.4. Quantitative Research

4.4.1. Marketing Problem

A quantitative research was performed, in order to gain deeper insights by testing the hypothesis raised in the qualitative research, with a larger number of representative cases. The main goals of this research were to further understand the target consumption behavior regarding alcoholic drinks, perception of the wine category, openness to trying a new wine and what would be their desired attributes, in order to recommend a final course of action.

4.4.2. Methodology and Questionnaire

Due to Covid-19 and time restrictions, the questionnaire was delivered online, trough social networks, using convenience and snowball methods. Similar to the qualitative research, the questionnaire (Exhibit 14) started with a set of filter questions, to define whom to address. The first two sections focused on confirming the data collected previously, concerning alcoholic drinks and wine category. For the latter, wine consumers and non-wine consumers were differentiated, using a different set of questions for each group. The following section focused on the Evaristo product concept, to understand all participants' willingness to try the brand and influencing factors. The final two sections were focused on testing consumers response to new distribution channels, more specifically e-commerce, and new forms of wine packaging.

4.4.3. Sample

The sample for this quantitative research was constituted by 295 respondents (Exhibit 15) who have lived in Portugal at least for the past 5 years, aged between 18 and 34 years old, and who purchased and consumed an alcoholic beverage in the past 12 months, at least once. The overall demographics were: 56,9% female and 42,7% male; 73.6% aged between 18 to 24 years old. In terms of occupation, most of the respondents were students (45,1%). Another filter was applied, to differentiate wine consumers (90%) from non-wine consumers (10%).

4.4.4. Main Findings

Starting with the **alcoholic drink's consumption** behavior, it is possible to see that beer is the most consumed, representing, on average, almost 37% of the alcoholic drinks' consumption. Wine is the second most consumed with 28% of total consumption. However, when looking into the different age groups, consumption choices are different. Although for the 18 to 24 and 25 to 29 age groups beer is listed as the drink of choice (with 37% and 43% of total consumption respectively), for the 30 to 34 age group, wine is the preferred drink (37% of total consumption). In fact, when looking to wine it is noticeable that its consumption increases as consumers get older (Exhibit 16). In terms of the reasons that make consumers choose to drink alcohol, "Socializing (Good to be with Friends)" was by far the most relevant reason (92%) for all age groups, followed by "Relaxing or Leisure" (68%) and "Accompany with Meals" (47%). "Getting Drunk" loses its relevance as consumers get older, with only one person above 30 mentioning it. As for the drinking frequency, 40% of respondents consume alcohol once a week. Here, one can infer that drinking frequency depends on gender, with females drinking less frequently than males. About the information channels respondents are exposed to regarding alcoholic drinks, "Recommendations and Conversations with Family and Friends" are considered the most relevant by 56%, confirming once again it's importance in this category. It is followed by the Point of Purchase and Sponsored Events and Festivals.

Considering the two consumer segments, Wine and Non-Wine Consumers, their wine perceptions were similar overall. Firstly, both groups somewhat agreed that "wine is formal and sophisticated" and "wine is a good gift". Contrary to the in-depth interviews, participants disagreed that “wine is for older people”, with wine consumers having a stronger level of disagreement than non-wine consumers. Furthermore, both wine and non-consumers find wine “complicated and overwhelming”. Additionally, whether red wine is to be consumed in the colder months, both wine and non-wine consumers were neutral. Lastly, in terms of willingness to pay for a bottle of red wine, for themselves and as a gift, as expected, wine consumers revealed a slightly higher budget than non-wine consumers. To buy a bottle for themselves, wine consumers' average budget is 8,90€, while for non-wine consumers is 7,59€. To buy as a gift, the willingness to pay is higher for both groups, being on average 17,53€ for wine consumers and 17,03€ for non-wine consumers. Looking into the different age groups, the older they are, the more they are willing to pay.

Regarding **wine consumers** (Exhibit 17), it is noticeable that red and white wines are the most consumed, on average, by all age groups (Exhibit 18). However, red wine consumption seems to increase with age, while white wine consumption decreases. Furthermore, for 18- to 24-year-old, red and white wine have the same consumption proportion, unlike the 30- to 34-year-old group, where red wine is more preferred than other types, representing 50% of total wine consumption.

Looking further into the non-red wine consumers, 14% of wine consumers do not consume red wine. Most of them are under 24 years old (78%) and female (73%).

About the drinking occasions for all wine consumers, casual social gathering (78%) and special occasions (62%) were the most mentioned, followed by meals (49%), to gift (38%) and relaxing (33%). In most cases, consumers buy wine themselves (84%), a friend buys (65%) or an older family member will purchase (50%).

There are several factors that influence their wine decision-making. The ones that showed highest level of concern by respondents were (by order of relevance): Type of Wine; Flavor & Taste; Perceived Quality; Brand Familiarity and Trust; Recommendations and Price. The attributes that showed less concern were: Occasion; Promotion and Region. Finally, wine consumers were neutral towards Awards and Prestige, Packaging/Bottle Design and Brand Communication. To further understand the relevance of price promotion in the wine category, a scenario was given to wine consumers. Here, 77% of wine consumers were shown to be promotion sensitive, as they would pay a higher price point for a wine, because it is on promotion. Although this group showed a higher level of concern about price rather than promotion in previous questions, when making a decision, promotion was key in their choice (Exhibit 19). When buying wine, 50% said that the decision is made both before and at the point of purchase and 33% only choose when they are looking at the shelf.

In terms of **non-wine consumers**, when asked about the reasons they do not consume wine, taste was the most relevant factor (18 out 29 respondents strongly agree). Non-wine consumers also somewhat agreed that they do not consume wine because it is too strong and heavy in alcohol; It's not as refreshing and easy to drink as other alcoholic drinks; and They do not have enough knowledge about it being unable to appreciate it. Lastly, they somewhat disagreed that wine is more expensive and that it is not an ideal drink for conviviality, when compared with other alcoholic drinks. Although this group does not enjoy wine, most of them would consider it an option during a special occasion (15 out of 29). When asked about the likelihood of visiting the wine aisle in a store they stated they would be unlikely to go, due to the fact that they simply do not enjoy wine, lack of information available, and not having any help to choose.

Looking at the **Evaristo test concept**, of the 295 participants, 88% are willing to try Evaristo (approximately 9% of those that said yes are non-wine consumers). This information was collected in order to understand if participants would consume a red wine based on the descriptive characteristics alone.

A further analysis observed that price, curiosity, and recommendations from friends or family play the biggest role when choosing to consume Evaristo. The least relevant factors included bottle design, recognizing a brand from an ad, and the fact that the wine is from Lisbon region. The two factors that were the most indifferent for participants included perceived taste & strength and product test and experimentation. These two factors had the most degree of variation between participant responses, meaning that while for some it was important for others it was not. In terms of gender, the most relevant factor for males was price, while for females' price was also highly regarded, but not as greatly as recommendations from friends and family. Concerning willingness to pay for a product like Evaristo, the most significant prices include 5€ (23%), 4€ (13%), 10€ (13%), and 7€ (10%).

To understand if **e-commerce** would be a viable channel, respondents were enquired about their behavior and preferences when purchasing alcoholic beverages, both online and offline. The majority, 84%, of the respondents had never purchased an alcoholic beverage online, with only 4% mentioning the online channels as one of the top three channels used for the purchase of alcoholic beverages. From those who have purchased the category online, most use the supermarket's website, followed by specialized online wine retailers and delivery platforms. For those who haven't purchased alcoholic beverages online, the main reasons were "I like to choose in the moment" (68%) and "It's not convenient" (64%).

As for the preferred platforms from which wine consumers would eventually purchase wine online (n=141), supermarket's website is in first place (45%), followed by specialized online wine sellers (27%), home delivery platforms (15%) and specialized Wine Apps (11%).

The main drivers that would make a person consider buying wine online (n=295) were lower prices and/or promotions (60%), quick delivery - up to 30 minutes (40%) and convenience (32%). It is important to note that 21% of the respondents mentioned that they would most likely never purchase wine online, with 82% of these being wine consumers.

Finally, regarding **Packaging**, the main goal was to test the willingness to try and the perceptions around four different types of packaging: Canned wine, Tetra-pack wine, Easy to

Open Bottle of wine and Small Bottle of wine (375ml) (Exhibit 20). In the table below, the main conclusions regarding this topic are presented. For further detail, please refer to Exhibit 21 and Exhibit 22.

Small Bottle of Wine (375ml)	The most preferred option, with **63,7%** of respondents **moderately to extremely likely to try**. Characteristics most associated: - It has the **same quality** as a regular bottle of wine (75%) - It **appeals** to me (55%) - It's **practical** and **convenient** (37%)
Easy to Open Bottle of Wine	One of the most preferred options, with **27%** of the respondents to be **extremely likely to try.** Characteristics most associated: - It's **practical** and **convenient** (60%) - It **appeals** to me (49%) - It has the **same quality** as a regular bottle of wine (40%)
Canned Wine	The least preferred packaging option, with **58%** of total respondents **extremely unlikely** to try. Characteristics most associated: - It has **lower quality** as a regular bottle of wine (66%) - It's **less formal** than a regular bottle of wine (63%) - It **stands out** from regular wine packaging (42%)
Tetra-Pack Wine	The second least preferred packaging option, with **56%** of total respondents stating they were **extremely unlikely** to try. Characteristics most associated: - It's **less formal** than a regular bottle of wine (62%) - It has **lower quality** as a regular bottle of wine (60%) - It´s **more sustainable** than a regular bottle of wine (30%)

4.5. Limitations

Throughout the primary research several limitations should be acknowledged. The following limitations are: **(1)** Time and physical constraints (due to Covid-19 social distanced measures had to be taken); **(2)** Lack of professional research experience on behalf of the team involved; **(3)** Potential errors made by respondents (e.g., Research Error, Interviewer Error and Respondent Error); and **(4)** The research suffers from age bias – 74% of the sample is between 18 to 24 years old, this is mainly due to the team's resources and limited network group.

5. Solution: Evaristo

After taking into account the insights from the primary and secondary research, the proposed solution is a new red wine aimed at young adults, aimed at both wine consumers and non-wine consumers. This will allow Sogrape to fill a gap in the red wine market, by offering an entry level red wine that is able to serve this segment. As previously stated, young consumers have preconceived ideas regarding the wine category. Consequently, the following solution aims to change young consumers mindsets, by eliminating the complexity of buying and drinking wine. Evaristo is an easy to drink red wine, that is uncomplicated and unpretentious, to be consumed at casual social occasions. Evaristo will be available in three different formats: regular glass bottle, small glass bottle and can, being the first to challenge the wine category by offering a new type of packaging, in the Portuguese market. Also, it will be available both offline, through retailers and HoReCa, and online, taking advantage of the increasing presence of the latter. Ultimately, Evaristo will show that wine does not need to be complicated and overwhelming, but it can be fun and easy.

6. Marketing Strategy

To develop an efficient strategic marketing strategy, the segmenting- targeting- positioning (STP) process must be applied. Being the vital starting point of a marketing strategy, it is an essential tool to identify potential customers and decide on a target group (Gupta 2019).

6.1. Segmentation

The primary and secondary researches show that there is a gap between young wine consumers and red wine consumption, specifically between 18 to 34 years old. Therefore, the market is first segmented demographically into 18 to 34 aged people and above 35. It is noteworthy to state that a research from Technical University of Lisbon indicates that the two generations in the age range show different perceptions about red wine. For example, people under 25 do not perceive the conviviality role of wine while 25 to 34 age group does. However, this problem was taken into account in the primary research and secondary research. The result explains that the main reason behind it is they find the wine category complicated and overwhelming.

Secondly, to identify the customer segments, the multi-attribute model is conducted in the primary research. The results demonstrate a trend to cluster the market based on behavioral segmentation and benefits searched by consumers. The qualitative analysis shows **drinking occasion** is the main trigger for consumer's needs. Then the quantitative research indicates casual social gathering and special occasion account for the majority of purchasing and consuming alcohol. To further clarify the definition for special occasion and casual occasion, a special occasion happens once or twice monthly, quarterly or yearly; while causal occasions happen more frequently, for instance once or twice a week.

On the other hand, from the alcoholic category perspective, the market can be divided into two dimensions according to ABV (Alcohol by Volume). Thus, **23**% ABV is set as a criterion to distinguish **between** light alcohol content and heavy alcohol content. Owing to the fact that wine's maximum ABV is around 23% (Exhibit 23). This allows to achieve an effective segmentation, which meets the following requirements: identifiable, substantial, accessible, stable, differentiable and actionable (Gupta 2019). Taking these variables into account, four segments can be identified:

- **The Mingler** enjoys having a good time with friends or family in casual occasions, such as having a wine or beer in hand to take the edge off socializing and liven up the party to fulfill their sensory gratification needs.

- **The Party Animal** likes nightlife, hanging out with friends and going to clubs or pubs to get drunk. Hard liquor is usually the solution for them to indulge when drinking.
- **The Festive Drinker** considers alcoholic drinks as essential on special occasions, for instance, a work dinner, wedding or graduation ceremony. Wine is a potential option, since it has a formal and sophisticated image in both wine and non-wine consumers' mind, that makes the occasion more elegant and helps to set the mood.
- **The Polite Drinker** is someone who only drinks when it is impolite not to or when everyone around is drinking. It usually happens on a special occasion. The non-wine consumer takes the majority of this group. 21% of non-wine consumers drink wine in this situation.

6.2. Targeting

Minglers will be the main target for Evaristo. First, considering the **characteristics** and **current and potential competition** of each segment, Minglers are the most powerful group. From the quantitative research, 87% of respondents prefer light alcoholic content drinks (e.g., beer, cider, sangria, wine), while 92% are social drinkers, who usually have alcohol when accompanying family and friends. Moreover, wine is their second preferred beverage. Comparing to other personas, the Party animal accounts for 29% from the total sample. Moreover, due to their consumption motivation is getting drunk, hard liquor is more competitive. Regarding Festive drinkers, these include 62% of wine consumers and 52% of non-wine consumers. Looking at the drinking frequency, 70% of respondents consume alcohol regularly, between once to four times a week, being associated with casual occasions.

Secondly, from the perspective of Sogrape's **own competencies and resources,** this powerhouse has experimental techniques and management resources that are capable to deliver a product for this target. For instance, the skill to create an easy-to-drink taste for a casual occasion. Moreover, Sogrape defends drinking with moderation, a value they strongly hold, thus targeting heavy alcohol drinkers (i.e., Festive Drinkers and Party Animals) is not the best option for the company, since the main driver to drink for these segments is to get drunk.

6.3. Positioning

Being the last step in the marketing strategy process, brand positioning states "how the company would like consumers to think about a brand" (Tybout and Calkins 2019). With this, the positioning statement for Evaristo is as follows: For 18 to 34 year old alcohol consumers (Target), who are confused in the wine selection and looking for a beverage in the red wine category for casual social occasions (Frame of Reference), Evaristo is the red wine brand that offers uncomplicated, unpretentious and easy-to-drink wine (Point of Difference), produced by Sogrape, a company known for its quality wines and successful brands, and in a wine region known for its truly easy to drink wines (Reason to Believe).

7. Brand

According to Customer-Based-Brand-Equity (CBBE) Model, Evaristo should first establish its brand identity, as it is a new brand. Besides, brand architecture strategy is paramount when launching a new product. It lights the way for positioning and selection of the strongest brand elements, which will consequently boost brand awareness.

7.1. Brand Identity

As the first step of building a CBBE Pyramid, Kapferer's Brand-Identity Prism Model is applied to design brand identity. At the same time, Sogrape's brand identity is taken into consideration.

- **Physique**: When Evaristo is mentioned, the black and orange-yellow colors with the hand-drawn crow logo, that pops into one's head. At the same time, for customers who already tried, the fruity, ruby color and easy-to-drink taste arouse their craving for a red wine. Moreover, the easy-to-open packaging makes it more recognizable.
- **Personality**: If Evaristo were a person, it would be a young, easy-going and fun person with a great sense of humor. This person is always the one to make people feel chill and relaxed.

The reason for Evaristo to have and easy going and fun personality is to better relate with the younger target, who perceives the wine category as serious and formal. Therefore, Evaristo is capable to attract target consumers and show that red wine can also be fun.

- **Culture:** Evaristo represents Portuguese wine culture, which is inclusive, enthusiastic and friendly, meaning that it is welcoming to everyone, even for consumers who are not used to appreciate red wine. Moreover, Evaristo culture aligns with Sogrape's company values.
- **Relationship**: Evaristo aims to set up a friendship with customers. The product offers companionship and joy to every casual occasion and social gathering. It is a reliable and trustworthy friend who helps people navigate the wine aisle.
- **Reflection of the consumer**: The consumers of Evaristo are young social butterflies, mainly aged 18 to 34, who enjoy being around friends and socializing with people. They treasure time spend with the people they love. Moreover, they are creative and open-minded, having a curious attitude towards the world. It is a group of people who are willing to try new things.
- **Self-image:** When having Evaristo, consumers are expected to see themselves as social people who are fun, happy and know how to enjoy life. "I am a creative and interesting person to have red wine in casual occasions"; "I feel relaxed and chill"; "I have good taste"; "I feel my life is awesome and I love it"; "I feel I know how to make my life more fun and joyful". These are some possible feelings that customers will have when drinking Evaristo.

7.2. Brand Architecture

Evaristo will be listed under the Lisbon region wine. Moreover, Evaristo will be under Branded Wines (Exhibit 24), completing Sogrape's portfolio and strengthening its positioning, which aims to meet customers' needs. On the other hand, it differentiates with other co-existing brands in terms of category, product attributes and brand positionings. It avoids cannibalization while reaching a larger market coverage.

7.3. Brand Elements

The following brand elements (Exhibit 25) were chosen according to six criteria: memorable, meaningful, likable, transferable, adaptable and protectable (Keller 2013).

Brand Name: Evaristo is a character in the well-known Portuguese movie "O Pátio das Cantigas". It is familiar and easy-to-remember name for the target audience.

Brand Logo and Symbols: The hand-drawn style crow and orange-yellow color are chosen to be the brand logo and theme color. Since the crow is recognized as a Lisbon symbol, it shows where the wine comes from and gives an energetic, lively and young feeling.

Brand Slogan: "Evaristo. Simplesmente isto" was chosen. As it conveys the positioning of the brand in terms of simplifying the red wine category. In addition, it rhymes with the name Evaristo, making it more memorable and powerful to enable brand awareness.

Brand Packaging: The easy-to-open packaging is proposed. Apart from that, canned wine will be launched as well. It is an innovate idea which aligns with the positioning, making the wine easy-to-drink in every causal occasion, creating new consumption occasions.

8. Product

After analyzing the target chosen for Evaristo and the consequent positioning of the brand, it is possible to start building the marketing mix for the brand. The Product is the first element, and the one carrying the benefits and attributes to the final consumer.

First, it is important to analyze where does the product fit in the existing market and what Evaristo can add or create in it. According to the "new product spectrum" (Dolan 2015) of a new product´s development, Evaristo is a new wine for the company, the first red wine from the Lisbon region, which delivers to a new target, a softer taste that enables to deconstruct previous negative preconceptions about wine. However, this type of product is not new to the world, as there are already wine brands selling red wine from the Lisbon region in the market.

Considering this, Evaristo will force the creation of a new product line, enlarging the product line breadth of Sogrape (Dolan 2015). Evaristo is a new product to the company and there is no existing product line able to support this new brand, meeting its specificities and target. This line will be added, as mentioned, inside the group of branded wines in Sogrape (Exhibit 26). Evaristo will be disaggregated into three different SKUs – the Regular Bottle (750ml), the Small Bottle (375ml), both launch in April 2021, and Canned wine (375ml), to be launched when net sales revenue in the modern trade are at least equal to 150K (Exhibit 27).

Afterwards, it is important to look at Evaristo´s different customer-value hierarchies or levels (Dolan 2015), to understand how it can add greater value to consumers as the level goes-up. Starting with the **generic product**, the product is a red wine; Inside the category, the consumers **expected product** includes a certain combination of grapes, alcohol and ph level, acidity, and sugar, together with a fair price-quality ratio; scaling to the **augmented product** in which it can convey a greater value to consumers, by offering a product that is more fruity on the palate, Evaristo makes the wine taste softer and easier to drink, presenting a red wine that distances from others for its lighter taste. Finally, looking at the **potential product**, through Evaristo´s brand image, personality and features the brand can eliminate the perceived complexity around wine´s choice and taste. While at the same time, through its packaging, it can deconstruct the idea that wine is complicated and not practical to have on different occasions.

Regarding **Packaging**, as mentioned Evaristo will be presented in three different formats – Regular bottle (750ml), Small bottle (375ml), and Canned wine (375ml), which will convey different preferences and occasions. In the regular and small bottle of wine, the standard cork will be replaced by an easy to open cork (Exhibit 28) enabling to uncomplicate the consumption of wine, making easier to use the product. Such a decision is also supported by the favorable insights from the quantitative research in which the majority of respondents perceived this unusual cork as being practical and convenient; capable to preserve the same quality as a regular cork and overall appealing to the consumer.

Analyzing the different packaging options, the **Regular Bottle** is the central product offering since it is the most common in the category, so it will be available in both Modern Trade and HoReCa channels. Regarding the **Small Bottle** of wine (375ml), it is perceived as a good option for the brand, since i) Sogrape already offers this packaging option in other brands (e.g., Planalto) making it easier to incorporate the packaging requirements; ii) Enables to increase bulk-breaking in the HoReCa Channel; iii) Favorable insights from the quantitative research support this option, as consumers perceive it as practical and convenient, preserving the wine quality and overall being appealing to them. This packaging option will be available only in the HoReCa channel because i) It will enable the company to save line fees paid to the Modern Trade to sell the product, especially in the first years of the brand launch; ii) The format is already available in the HoReCa channel which makes the acceptance by the channel´s partners easier; iii) It is a format that matches the occasions served by the channel; iv) It offers consumers an alternative when they do not want a regular bottle but a smaller option that meets their time, budget or other constraints. Finally, looking at the **Canned Wine**, there is a bold opportunity for Sogrape to develop such format for several reasons: i) It is a rising trend worldwide, especially among millennials (Euromonitor International 2020); ii) Canned wine is not yet available in the Portuguese market, which could allow Sogrape to enjoy a first-mover advantage, by facilitating users to recall the pioneer´s brand more easily, as Evaristo could shape the attributes of the product type in the category (Kotler and Keller 2015). Nonetheless, as historically proven this first mover advantage can have drawbacks brought by the second mover in the market, which is able to invest a lot less and take advantage of the existing innovation competing at lower prices (Kotler and Keller 2015); iii) Canned wine allows to create new consumption moments “on-the-go” (Euromonitor international 2020). It offers a more convenient format for occasions that in another format wine would not be an option, mainly for the lack of convenience. The creation of consumption moments is crucial for the strategy of Evaristo, aiming to deliver to consumers a wine that is uncomplicated and the best option for any casual social gathering; iv) The packaging option is perceived by consumers as being less formal and appealing than regular packaging options. Moreover, Canned wine will be launched only in the modern trade channel because 1) by the time this option will be launched there will already exist a smaller format (Small bottle) in the HoReCa channel, which is more suitable; 2) It makes sense to be in a channel that serves several occasions, making easier for Evaristo to build on the creation of new consumption moments.

The options presented will convey all the packaging´s musts (Martins 2021). On the front-side of each option, there will be information identifying the brand: name and logo (Exhibit 29). Also, all options will have descriptive information about the product on the backside: features of the wine, grape varieties, nutritional facts, and in the glass bottles a reference to the easy to open cork (Exhibit 30). Finally, since Canned wine is still perceived by consumers as having lower quality than a regular bottle of wine, according to the quantitative research, an extra component will be added to the packaging of canned wine, with engaging and catchy sentences in the front of the can to incite curiosity, incentivize trial and present new consumption moments to incorporate wine, that before were not considered by consumers (Exhibit 31).

9. Price

After defining the product, its characteristics and specificities, it is crucial to strategically think about Price, once this element is responsible for capturing the product´s value, doing so in a profitable way for the company (Nagle and Muller 2018).

To derive the most sustainable and valuable price to the company and the consumer, the chosen approach to implement the pricing strategy for Evaristo is the Value-based approach, perceived as the most efficient approach (Martins 2021). By following this, Evaristo will be more beneficially positioned in the market being competitive and standing out at the same time. Given the extremely fragmented category, making consumers highly price-sensitive when buying in this category, the strategy must be to consider both the product´s value and the willingness to pay and perceived value of the consumer (Nagle and Muller 2018).

Considering the category in which Evaristo will compete and also the attributes that make it more valuable than other options, it was necessary to decide which price strategy made the most sense for the brand. In the Evaristo price setting, a neutral strategy is adopted to better meet the two aspects mentioned. This strategy is the most sustainable one for the product since, pricing above the market range – skimming (Nagle and Muller 2018) - would scare away the most price-sensitive consumers while pricing below the market range - penetration pricing (Nagle and Muller 2018) - could jeopardize the perceived quality of the wine, an attribute extremely valued by the target Evaristo aims to convert, accordingly to the quantitative research insights. In the wine category, market share is not easy to gain nor to expand, given the numerous brands in the market. With almost non-existing brand loyalty, brands have to compete majorly in price. Given so, the brand must work towards deriving a price that reflects the positive differentiation attributes of the product while investing in other effective marketing tools to justify the value charged to consumers.

Regarding the factors that influence the price sensitivity in this category, consumers are mainly driven by a reference value built in their minds, influenced by the importance of the occasion (end-benefit) in which they will consume the wine, and finally on the price-quality perception that the brand conveys, in which perceived quality plays a crucial role. Summing these price sensitivity factors to the other market specificities justifies why both the value-based approach and the neutral pricing strategy should be adopted for this product. Evaristo should be priced between the price range of the Lisbon wine brands, given that it will be placed next to those brands in stores. Plus, due to its positive differentiation attributes - easy-to-open packaging and softer taste - the brand can be priced in the middle and not in the low-end of the market.

Accounting for all the topics covered above, it was possible to derive a retailer price for all the packaging options, knowing that this is just a suggested value since partners in both channels have the power to charge the price they want, on the products sold. The first price to be derived was the one for the regular bottle of Evaristo, in the modern trade channel. This was done by looking at the insights from the quantitative research about willingness to pay and attributes most valued, accounting for the positive differentiated attributes of the product, and look at the price of the best competitive alternatives, towards understanding how much consumers are paying for a bottle of red wine in the Lisbon region. The recommended price was derived, 4,24€. The prices for the HoReCa channel were obtained by considering that on average prices in this channel are: 250% higher than in the modern trade channel for the regular bottle of wine (Argomaniz, Ricardo Interview 2020) – getting a price for Evaristo of 14,83€. The small bottle is, on average, 40% lower than the regular bottle on this channel – being Evaristo priced at 8,91€. Regarding the price for canned wine, considering usually this is priced below a regular bottle of wine, but more expensive in terms of price per little (Euromonitor International 2020), it was assumed that, on average, the price is 45% lower than a Regular bottle of wine in the modern trade channel – it will then be priced at 2,31€.

Discounting the VAT for all the options, of 13% for the modern trade and 23% for the HoReCa channels (Dinheiro Vivo 2019), the trade price without VAT was obtained: 3,75€ in the modern trade channel and 12,06€ in the HoReCa channel for the Regular bottle; 7,25€ for the Small bottle, and 2,05€ for the canned wine.

After this, the margins imposed by the retailer must be discounted from the trade's price without VAT to get Sogrape´s selling price to the trade. According to Sogrape, the retailer's margins vary between retailer partner in the modern trade – 30% in Sonae, 35% in Pingo Doce, and 28%

on the remaining. Achieving an average margin equal to 34% for the modern trade channel. Regarding the HoReCa channel the margin is higher, approximately 65% (Argomaniz, Ricardo Interview 2020). Deducting the previously mentioned margins, the Sogrape selling price to retailers is for the Regular bottle 2,25€ for Sonae, 2,44€ for Pingo Doce and 2,72€ for the other retailers, giving an average selling price to retailers of 2,47€ in the Modern Trade channel. For the HoReCa channel is 4,22€; for the Small bottle the selling price to retailers is 2,54€; as for the Canned wine it is 1,23€ for Sonae, 1,33€ for Pingo Doce and 1,48€ for the remaining retailers in the modern channel – providing an average Sogrape selling price of 1,35€.

The next step allows to derive the maximum COGS for the different packaging options, accounting that through the value-based approach first the price is determined taking into account several aspects and only after the COGS are obtained as a maximum of how much it can be to meet the desired margins of the company. To get the maximum values for the COGS, the contributions margins of Sogrape, 45% in the Modern Trade and 31% in the HoReCa channel (Argomaniz, Ricardo Interview 2020), were discounted from Sogrape´s selling price for each packaging option in each channel (Exhibit 32). Understanding that it does not make sense to have the same product presenting different COGS per retailer or channel, the maximum possible COGS to meet the desired contribution margins, is equal to the lower value of COGS derived from the different channels regarding the same packaging option (Exhibit 32). Accounting for this, the maximum COGS for the regular bottle is 1,58€, for the small bottle is 1,75€, and the canned wine is 0,68€.

Considering that Sogrape Distribuição is vertically integrated, the margins for Sogrape Vinhos and Sogrape Distribuição will be considered together, accounting that, from the total contribution margin, 15% goes to Sogrape Vinhos and the remaining to Sogrape Distribuição. (Argomaniz, Ricardo Interview 2020). Thus, the net margins of Sogrape are for the Regular bottle, on average, 1,11€ in the modern trade and 1,31€ in the HoReCa channel; for the Small bottle 0,79€ and the Canned wine, on average, 0,61€ (Exhibit 32).

Finally, it was not initially considered the impact of promotions on prices, however as in this category there is strong promotion intensity, margins for Sogrape under this scenario were also computed. On average, margins are 10% lower in the Modern trade channel deducting trade and consumer discounts impact on Sogrape´s selling price, getting a contribution margin of 35%. As in the HoReCa channel accounting that only trade discounts are deducted from the Sogrape´s selling price, these impacts will decrease contribution margins by 5%, getting a contribution margin of 26% (Argomaniz, Ricardo Interview 2020) (Exhibit 32).

10. Distribution

In this section, Sogrape's current distribution channels will be explained, as well as the functions and responsibilities of each of the members that form them. An auditing will be conducted to evaluate existing gaps in serving the target, concerning its demands, in an effort to design an efficient and coordinated channel structure for the go-to-market strategy of Evaristo.

10.1. Segmentation and Targeting on Channel Behavior

The target segment, Minglers, have distinct service output[8] demands depending on the occasion and location of consumption. To best serve these demands, they are further segmented based on their channel behavior, into on-site and off-site consumption segments (César 2021).

10.1.1. Segments' Characteristics and Constrains

To serve any of these segments Sogrape needs to take into account the environmental constraints that may create barriers to reach them. The off-site segment is extremely sensitive to promotions, which might be a big constraint on reaching them given the existing pressure on

[8] "The end-users have a set of preferences when purchasing a product or a service, that go beyond the product or the service itself. This set of preferences is known as service outputs that the customer demands from the selling business." (César 2021)

margins that is inherent to that channel (Exhibit 33). Plus, this segment still has an almost inexistent online wine-purchasing behavior, which is the channel with the highest growth in importance in many other consumer goods categories. As for the on-site consumers, the Covid-19 repercussions are leading to the closing of important Sogrape's HoReCa partners due to financial difficulties, limiting the proximity between the segment and the outlets.

10.2. Sogrape's Current Channel Structure

Currently, Sogrape, with a multi-channel structure reaches its customers through three different channels: HoReCa which serve the on-site consumption moments, Retailers which serve the off-site consumption moments, and Online, that in spite of its still current small share of sales of Sogrape's portfolio also serves the off-site consumption moments (Exhibit 33).

After acquiring the necessary inputs, Sogrape manufactures its products in its facilities in Avintes. The finished goods are then transferred to Sogrape Distribuição. From Sogrape Distribuição, the product has three main distinct ways of reaching the customer, identified above as the different channels. The big, modern trade, retailers and some key HoReCa accounts, deal directly with Sogrape Distribuição for acquisition of the finished products, while traditional and smaller retailers (e.g.: Ponto Fresco) and most of the HoReCa do so through intermediaries in the form of wholesalers (e.g.: Makro and Recheio) and regional distributors (e.g.: Garrafeira Soares and Solbel). On the online channel the product has three ways of reaching the end user, through three different platforms. Trough Sogrape Distribuição's ecommerce website (www.vinhoemcasa.com), in this case a logistics partner is responsible to take the product form Sogrape's Distribuição facilities and delivering it to the customer; Through the supermarket's online website (e.g.: Continente Online), in which case the same structure as for modern retail applies; and through delivery apps (e.g.: Uber Eats and Glovo) where the partner platform functions as a logistics operator and is responsible for the delivery of the product from an existing HoReCa partner outlet to the end-user.

10.3. Current Channel Flows

Despite each channel serving distinct consumption moments, by selling on widely different outlets, the distribution of the functions performed by the different members on each of the channels' structures is similar. As so, they will be evaluated all together. For a better understanding of channel flows, or functions, please refer to César 2021, section 4.

10.3.1. Inventory Carrying – Physical Possession and Ownership

Ownership follows the physical possession of the product; hence they are joined together in one single flow. Currently, the product is produced in Sogrape's facilities, and is afterwards sold to Sogrape Distribuição, at a transfer price. From there, the product is dispatched either directly to Modern Trade (Hypermarkets and Supermarkets) and big HoReCa accounts or to wholesalers and regional distribution partners that sell to traditional retailers and HoReCa outlets. The product is then sold to the end-user. Throughout the whole chain each member, from Sogrape to the end-user inclusive, take both physical possession and ownership over the product, meaning they all incur in the costs of carrying and holding inventory. Only the logistics operators in the different channels take physical possession of the product without carrying the costs of ownership.

10.3.2. Promotion

With regards to the modern trade partners in the retail channel, the promotion function is performed firstly by Sogrape Distribuição through personal selling, trade discounts and materials. The modern retailer then uses leaflets and in store displays to promote price offs on Sogrape's products, most of the times without Sogrape's knowledge, despite being the company carrying the costs of all the volume sold under promotion.

Concerning the HoReCa channel, Sogrape Distribuição promotes the products near the direct HoReCa accounts through personal selling, trade materials and discounts, and near the regional distribution partners through personal selling and trade discounts. The waiter then functions as a prescriber and promotes the product to the end-user by means of recommendation.

In the online channel, Sogrape Distribuição promotes its products through digital advertising, with call to actions to its distribution website (i.e., www.vinhoemcasa.com) when regarding this platform. Regarding the supermarket's own website, the promotion functions are the same between Sogrape and the modern trade partners as in the retail channel. As for delivery platforms as they function as purely logistics partners that carry the product from the HoReCa outlet to the end-user, the promotion for the upstream members is the same as in the HoReCa channel, and then the delivery apps promote Sogrape's products within their own platforms.

10.3.3. Negotiation

Sogrape meets with its different channels partners yearly to negotiate the major terms for the following year. These negotiations lead to agreements where the roles and tasks of each member are defined, and sales goals set. Further negotiating moments may occur during the year, as flexibility is provided in the relationships. For the HoReCa channel, a list of nationally set prices guides the negotiations, and depending on the volume sold by each specific partner in the previous terms, direct price-offs and price breaks might be negotiated.

10.3.4. Financing

The members in the channel function with 30 days payments terms. This means that Sogrape, and the distributors finance the retailers and HoReCa partners. There are punctual cases where an end-user will finance a retailer, by purchasing a big quantity of product and stocking up on it.

10.3.5. Risking

The risking function is connected with the physical possession of the product. In case of damage, spoilage or over carrying of inventory it is the member carrying the inventory at that moment that will incur in the cost.

10.3.6. Ordering and Payment

The modern trade partners have automatic ordering systems in place, that will send an email to Sogrape with the necessary order amounts in order to avoid stock outs and managing their internal stock levels with a just-in-time strategies. This does not happen with the remaining channels members, that have to manually place their orders.

10.4. Gap Analysis

For a better understanding of the underlying principles that guide the following analysis, please refer to César 2021 section 6.

10.4.1. Environmental Bounds

The physical location of Sogrape's headquarters and production facilities in the north of Portugal has facilitated the building of strong and close relationships with the most relevant trade partners in the region. The regional pride present in the wine market also plays a role when retail and HoReCa establishments in the north of the country are approached to carry Sogrape's products. However, the opposite is also true, and the influence that Sogrape, Sogrape Distribuição and their brands have fades as southern regions of Portugal are reached. In regions such as Setúbal, the local producers hold the advantage of proximity and local pride. In these regions Sogrape is forced to use regional distributors in order to successfully and efficiently sell its products to its trade partners.

Also, as previously stated in the Legal Environment section, the wine category in Portugal is highly regulated at the different stages of the supply chain, including selling and advertising.

10.4.2. Managerial Bounds

Sogrape Distribuição's sales team cannot offer incentives as commissions for sales of the trade partners, since this would create unbalances in the whole incentive schematic in place within the partners' organization. As so, Sogrape Distribuição is limited to offer trade incentives to their partners, who meet the sales goals, in the form of non-monetary motivators (e.g.: Wine Bottles, Weekend away in Sogrape's branded hostels and vineyards).

On the modern trade, as partners negotiating pressure on margins, allowed by their importance to the channel, and around-the-clock price-offs lead to lower sell-out prices these create unbalances between the channels, as the retailers offer prices almost as, or even lower, than the intermediary distributors and wholesalers. Furthermore, these modern trade partners, due to their need of fast reaction to their competitor's prices, make unannounced price-offs on Sogrape's products, which then are charged to the company, by the difference of the consumer prices on the quantities sold under price promotion. This prevents Sogrape from being able to preemptively account for the costs these consumer price promotions and bounds their decision-making ability on internal processes and investments.

Moreover, Sogrape's policies and values that emphasize responsible drinking, plus its participation on the program *Wine in Moderation* prevent its brands from being present in locations and occasions where alcoholic beverages sales numbers are high, but the culture is contrary to drinking responsibly.

10.4.3. Demand-Side Gaps

For further detail on service outputs and the demand-side gap analysis, please refer to Exhibit 34.

As mentioned in previous sections, the modern trade partners offer too much assortment and variety to the end-user. This creates a gap of excess of service of output supplied when compared with the level demanded by the end-user, that ends up feeling overwhelmed and confused in the category, creating barriers to the decision making. Additionally, this channel lacks customer service and information availability, as the modern trade staff is not completely knowledgeable on all the characteristics of each product and there is a considerable lack of information available in the wine isle itself.

The environmental characteristics mentioned regarding the Covid-19 financial repercussions decreasing the spatial convenience supplied by the HoReCa partners and creating a gap between the needs of the on-site consumption target segment and the channel. Furthermore, there is a gap between the granularity of the bulk breaking demanded and the one supplied by the channel, as a full bottle is not always a viable option for the consumers, for instance in a weekday lunch-date or in a quick drink on a terrace, a house wine by the jar or by the glass greatly limits choice. Regarding the online channel, the main concerns that arose in the survey findings were that the target likes to "choose in the moment" and feels like buying online "is not convenient". This are related with a gap on the current service provided by the channel regarding delivery and waiting time, as customers feel it is more convenient having to go to the store, than to waiting a couple of days for the delivery of the product. In this channel there is also a gap of deficient customer service provided, as, despite information available being as high as it can be, there is no assistance nor support during the purchase process.

10.4.4. Supply-Side Gaps

Supply-side gaps occur when the total cost of performing a function is too high and more efficient ways of distributing the channel functions exist (El-Ansary *et al*. 2020).

The orders from the channel partners arrive to Sogrape, via email, whenever the partner regards their stock as getting too low. Some of the members, such as modern trade partners, have internal systems to calculate just-in-time orderings based on forecasts of demands with data on past sales. However, this cannot be regarded as a continuous replenishing program, which would reduce costs throughout the whole chain.

Regarding promotion in the modern trade, although the cost of the activity is not too high, it is not distributed based on the equity principle[9], which leads Sogrape to bear too high of a cost for this function in the channel.

10.5. Closing the Gaps

On the modern trade channel, the excess of assortment and variety is not a gap that can be closed as it is a characteristic of the channel and category. However, its impact can be minimized by simplifying the target's choice through a comprehensive and effective communications plan, and by having a packaging that stands out, which facilitates the target search and decision. The lack of customer service and information availability gap can be closed by including QR codes in the modern trade promotional materials, that lead the customer to Sogrape's online landing pages with relevant information and guides to ease the decision making and having brand activation and sampling campaigns on the premises of the retailers to have a trained professional to help the customer decide and clear doubts regarding the category. It is important to make sure Evaristo is present on all the relevant HoReCa outlets all over the country, to ensure proximity and spatial convenience to the off-site segment and, to meet the demands regarding bulk breaking in the channel, the solution is to offer a smaller packaging size, the smaller 375ml bottle and wine by the tap.

The online channel gap regarding lack of convenience due to high delivery and waiting time can be closed by partner with distribution Apps (e.g.: Uber Eats), for logistics, and Restaurants and Cafés, for stocking, in order to have a decentralized distribution system that provides faster shipping times to the end-user. This way, not only the service output gap is closed, but it creates the most convenient channel for the target off-site end-user segment. As for customer service

[9] "A member's level of compensation in the channel system should reflect its degree of participation in the marketing functions and the value created by such participation. That is, compensation should mirror the normative profit shares of each channel member." (El-Ansary *et al*. 2020)

in the channel, Sogrape as a channel steward[10] can have information provision be as high as possible for the wines that are available in the distribution partner's apps as well as provide a small guide with consumption tips for each product.

To reduce the costs related with stockouts in the systems, Sogrape should develop *a continuous replenishment program* to help its partners with well-timed shipments. Also, this would increase the information exchange between the members in the channels, leading to closer relationships, better understanding of demands, a decreased risk of bullwhip effects[11] on the supply chain.

10.5.1. Channel Management Issue – Channel Coordination

Due to intense price promotions and margin negotiations from the modern trade partners, the final consumer price on these retailers tends to be almost as, or even lower, than wholesalers and distribution partners. This creates an incentive for cross channel interactions and purchases where small retailers and HoReCa partners buy the product, not from Sogrape Distribuição and other distribution partners, but from the big retail chains. This hurts the channel structure, the margins of Sogrape Distribuição and negatively impacts the demand for Sogrape's products near the distribution partners and wholesalers.

Hence, the solution will be to compensate the hurting parties for the cost differences, by offering trade incentives and promotion materials, as it will be covered in the Promotions section of this work.

10.6. Implementing the Distribution Strategy

Due to Sogrape's high dependence on the trade channel intermediaries and unbalance of power in the channel, it should look for different routes-to-market to serve the off-site consumption

[10] The channel member responsible for **channel stewardship** – "the ability to craft a go-to-market strategy that simultaneously addresses customers' best interests and drives profits for all channel partners" (Rangan 2015)

[11] "Distorted information from one end of a supply chain to the other can lead to tremendous inefficiencies: excessive inventory investment, poor customer service, lost revenues, misguided capacity plans, ineffective transportation, and missed production schedules" (Lee, Padmanabhan, and Whang 1997)

segment (César 2021). The best way to do so, is by decoupling[12] the current distribution model and create a DTC strategy. By separating the value-creating portion for an end-user of the going to a modern retailer and buying a wine (getting the wine) from the non-value-creating portions (having to go to the store, search for the wine on an overwhelming aisle, having to wait in line to purchase it) Sogrape will be able to save these costs for the customer. This can be achieved by having centralized distribution centers in the cities with greater population density, partnering with delivery platforms, such as Uber Eats and Glovo, and have these platforms serve as logistic partners to get the products to the end-user with the maximum level of convenience. Furthermore, Sogrape will be able to control the consumer prices it practices and have a greater power over a channel with less intermediaries.

As so, the proposed marketing channel strategy to address the needs of the two segments within the Minglers is a multi-channel, intensive distribution strategy devised from the current Sogrape's strategy with the demand-side and supply-side gaps closed. With this the goal is to, on one hand serve the needs of the on-site consumers through a zero-based HoReCa channel. On the other hand, supply the off-site consumers through i) Modern trade and retail partners and ii) The three online platforms (i.e., Existing retailers' own ecommerce websites, Home-delivery apps through the established HoReCa channel and Direct-To-Consumer through both Sogrape's Distribuição ecommerce website, and home-delivery apps through fulfillment centers in the major cities).

11. Communications Plan

To best match the intended goals for Evaristo a communication plan was drafted to best assess how to communicate to the public and intended target audiences about the brand. The communication plan focuses on the key benefits of Evaristo and how it should be communicated

[12] "The separation of two or more activities ordinarily done in conjunction by consumers" (Teixeira and Piechota 2019)

to the target audience in order to have optimal advertising and promotion within the market, which will subsequently lead to optimal sales and market penetration.

11.1. Marketing Objectives

"The marketing objective for Evaristo's launch is to introduce a new red wine in Portugal's price-sensitive and diverse red wine market, through penetration of the market. More specifically, this campaign's marketing objective is to reach 4% of the market share, within the Lisbon red wines, in the first year of Evaristo's launch." (Kerth 2021).

11.2. Target Audience Selection

With marketing objectives established, a specific target audience is needed to direct the brand's campaign towards, which will lead to optimal sales potential for Evaristo. Aside from the previous demographics mentioned, the primary target audience will consist of New Category Users (NCUs) – those who are new to the wine category and will enter it through purchase of Evaristo. While the secondary target will focus on Favorable-Brand Switchers (FBSs) – those who purchase red wine and are open to buying other brands, like Evaristo. The focus is placed on NCUs because the aim is to entice individuals, who do not drink red wine, to enter the wine category. Additionally, Evaristo is designed to help keep the red wine category simple while also educating its new users further enticing them to the red wine market. The secondary target will focus on FBSs because this group has previously entered the red wine category and will be more accessible to trying red wine like Evaristo. FBS will not be a priority of the communication plan for Evaristo until after the initial launch and focus has been shifted away from helping introduce consumers to the category.

11.3. Action Objectives and Decision-Making Behavior

Evaristo's first year of launch will focus on NCUs purchase action of trial for both the brands-item and the wine category as a whole. Additionally, post-purchase actions for NCU's will include use and recommendation of Evaristo to other consumers. These action objectives for

NCUs take place at the same time. As previously mention, with 4% market share as a marketing objective, an approximate 120,000 bottles of Evaristo should be sold to meet this objective within the first year. The post-purchase actions of both NCUs and FBS is to have the buyer increasingly use Evaristo and share or recommend Evaristo through word-of-mouth (WOM) or social media. To measure Evaristo's increased use, the brand will track this via bottles sold[13]. Furthermore, WOM should be considered as an action objective which can be a difficult process to measure. “One way to circumvent this dilemma is through social media and set KPIs” (Kerth 2021). Furthermore, the repeat purchase action objective will be set as a goal for FBSs and NCUs who have already tried Evaristo, which helps to continue sales, further recommendations, and expand the brand within the market. To further enlighten on the consumers' buyer behavior and the main stages of purchase decisions, a Behavioral Sequence Model has been created to showcase how a NCUs will potentially purchase and decide on Evaristo (Exhibit 35).

11.4. Communication Objectives

The communication objectives of Evaristo entail five points of classifications in order to establish the best communication of the brand to the consumer within the diverse wine market.

(1) Category Need – The category need can be stated as the “Wine Category” and currently the intended target audience is unaware or indifferent to the category. For example, NCUs understand that the wine category exists but because they do not purchase or rarely purchase the product, Evaristo communications must both “sell” the wine category and the product to the potential consumers. The NCUs that Evaristo targets have negative purchase motivations and will therefore purchase the brand Evaristo as a problem removal. For example, the consumer is perplexed on what red wine to buy, thus they select Evaristo to avoid this problem.

[13] Although the main objective is to continually sell more Evaristo its should be noted that Evaristo will adhere to all legal requirements and continue to be a socially responsible brand that actively supports to “Drink in moderation”.

(2) Brand Awareness – Evaristo's initial communication goal is to create *brand recognition* at the point of purchase, both in Retailers and HoReCa channels. In the primary research, as the survey concluded, it was learned that of the selected wine consumers, 33% picked wine based on what was viewed on shelf within a store alone – further incentivizing the importance of brand recognition as a communication goal. Ultimately, this communication goal will transform as the product grows and expands within the market (in all distribution channels). Nonetheless the first year's objective of Evaristo is to have consumers recognize the brand to generate familiarity among consumers. "An added step regarding brand recognition and new brands is that Evaristo's brand message must be shown in the in setting of the wine category. To illustrate, Evaristo's advertisements will show consumers what category the product belongs to (Wine Category)" (Kerth 2021).

(3) Brand Attitude – There are several communication goals a brand can attempt within the classification of brand attitude. Evaristo's brand attitude should focus on *creating* positive brand attitude, since Evaristo is new to the wine market and no former brand attitudes have been formulated. Evaristo is a problem removal for NCUs because its intended goal is to assist the target demographic with lowering the confusion centered around the red wine market while helping the consumer enter the red wine market. Furthermore, it should be acknowledged that some target consumers have tried the wine category and became uninterested in it, thus Evaristo should focus on *changing* consumers attitudes. This shall be focused on at a later date after the initial launch of the brand.

(4) Brand Purchase Intentions – Purchase intentions reflect on a customer's state of mind as they purchase a specific product. The purchasing of wine is considered to be a low-involvement decision for the selected target audience; therefore, it will be omitted.

(5) Brand Purchase Facilitation – Evaristo is a new product on the market and will therefore need to inform the target audience where the product can be purchased in what stores throughout its communication objectives. Once Evaristo has been fully distributed in all potential stores and markets, the Brand Purchase Facilitation (BPF) can then be omitted from the communication objectives. Additionally, online advertisement will include BPF specifically related to e-commerce platforms (e.g., Glovo and Uber Eats) and physical locations. A further summary can be found in Exhibit 36.

11.5. Positioning Statement for Communication Plan

Evaristo's positioning statement is key in assisting with the brands diversity in the market and diversity within the consumers' minds.

The positioning statement for the campaign is as follows; **For** all individuals, ages 18 – 34 years old, NCUs (and potential FBSs) who are confused in selecting a wine and currently looking for a beverage in the wine category. **Evaristo** is a red wine (product as a hero) that **offers** an uncomplicated, unpretentious, and easy to drink wine that helps those looking to enter the wine category (problem removal). **Reason to believe** is because Evaristo comes from and established wine company (Sogrape) with years of experience in the wine category (both in production and market knowledge), and Evaristo was specifically created in a specific wine region (Lisbon) to be "easier to drink".

Advertising should: Highlight the negative emotions associated with the bewildering wine aisle, then followed by the key benefit claim (Evaristo's specific offerings), and finally highlighting the positive emotion that Evaristo gives to the consumer (having finally found a red wine). Must mention "Wine in Moderation", "Be Responsible, Drink with Moderation", Sogrape's Logo, and of course, adhere to all other legal requirements. **A-B-E model**: Negative emotion to benefit to positive emotion (e- → b → e+).

11.6. Creative Strategy

Getting creative within the wine category can have its limitations due to legal constraints and when trying to find the ability to diversify from the plethora of other brands offered. The creative idea should drive curiosity and responsiveness from consumers and is vital to a brand's image (Rossiter *et al.* 2018). As discovered through the primary research, non-wine consumers reference that taste, lack of information, and not having help in the wine aisle as significant reasons for not wanting to enter the wine category. Therefore, the Key Benefit Claims (KBCs) of Evaristo (uncomplicated, unpretentious, and easy to drink wine) are tailored around the brand's ability to help younger consumers by keeping the wine aisle simple, allowing the brand to solve their specific problem. The slogan *"Evaristo. Simplesmente isto."* is used to continually draw attention to the fact that Evaristo wants to keep things simple and is again useful in providing them with a solution to the problem. A storyboard has also been created for an online video advertisement to further explain how the creative and KBCs will be used together to create full effective advertising (Exhibit 37). With the prior communication goals in mind, a Rossiter-Percy Grid was also created to fostered understanding of the target audience's opinion of brands, which allows for better understanding of brand awareness and brand attitude tactic (Exhibit 38). Brand recognition will be crucial in helping the consumer recognize Evaristo, thus brand awareness tactics of visuals and mentioning category need will be used. Specific visuals, such as brand name, logo and colors, will be focused on in the creative. Concerning brand attitude tactics, Evaristo is a low involvement/informational purchase, accordingly the creative advertising piece will be kept simple and have a significant focus on the KBC's Evaristo has to offer. It is fundamental that across all media, the messaging is kept clear and KBC oriented in order to best align with the creative tactics (Exhibit 39).

11.7. Integrated Communication Strategy

The integrated marketing communications (IMC) strategy recognizes all media as touchpoints between the intended target audience and brand, so communication objectives should be continually transmitted to the consumer (Rossiter and Bellman 2005).

Evaristo's IMC strategy will focus on continued communication objectives through the use of trade and consumer promotions, as well as brand activation activities. While advertising will persuade consumers indirectly, promotions will encourage immediate purchase (Rossiter and Percy 1997). Each item will focus on creating a cohesive brand identity, positioning and messaging with an emphasis on the key benefit claims of the brand.

11.7.1. Promotion

The proposed promotion strategy for Evaristo was developed taking into account that it is a new brand (being the main action objective trial), the category that it is present in and the primary and secondary research previously described (Lima 2021).

The promotion strategy for Evaristo was split between trade and consumer promotions (Exhibit 40), both with the goal of stimulating brand purchase intention.

Trade Promotions

Trade trial promotions goal is to gain distribution with the trade partners, in order for consumers to find the product at the point of sale (Rossiter *et al.* 2018). To this end, before implementing any of the proposed promotional activities, it is important to recognize that personal selling and negotiations with the trade partners will be necessary. Firstly, Evaristo brand and product concept needs to be introduced and explained to the trade, since Evaristo is a brand aimed at a younger generation that is not yet present in the wine category, designed to educate new category consumers. Thus, it is crucial to stress the differences in terms of pricing and product strategy, trade margins, expected volume and promotional activities. With this in mind, Sogrape should start pitching the new brand in the beginning of January 2021, with the objective of being present on the selected distribution channels by 1st of April 2021.

As this is a new product line, **new line fees** to the retailer partners must be considered. This a norm particularly in FMCG, in which there is an increasing demand for retailers to carry new brands and products. In the case of Evaristo a total of 70.000€ were forecasted (Argomaniz, Ricardo 2020, Interview), considering that it will be present in the main Portuguese retailers.

Secondly, trade **price-offs** (off-invoice) were considered to both on and off-trade, to push distribution in the first year and incentivize them to test the product with the end-consumers. Hence a 5% average discount of sales was assumed throughout the first year of the brand.

Additionally, **display material promotions**, in the form of merchandising material, will also be used in the off-trade channel, with the goal of supporting the brand at the point of sale. Depending on the retailer, these can be negotiated centrally or in-store, being also necessary monetary incentives in some cases, in order for the retailer to allow display materials. These will be used in the top three retailers (Sonae, Pingo Doce and Auchan).

Finally, **trade incentives** will also be provided for the on-trade channel, in order to maintain good relations with HoReCa partners and motivate Evaristo sales. These will be done through the use of branded items (i.e., Coasters and Wine Coolers) and other rewards such as weekend trips to one of Sogrape's vineyards and hostels and other already employed Sogrape' incentives, such as collecting the number of corks of sold bottles, to assess how many SKU's were sold.

Consumer Promotions

Regarding consumer promotions, the main focus will be to generate trial with the end-consumer.

Starting with **sampling**, this is the strongest trial generating technique, particularly when a benefit cannot be conveyed with advertising alone, as in the case of Evaristo. As shown in the primary research, the perceived taste of a red wine is for many a barrier to enter the red wine category and is one of the most relevant features considered when choosing a wine, hence sampling will allow consumers to try Evaristo and test for themselves if it is indeed an easier to drink wine, being the most suitable technique to be used to establish a positive brand attitude from the beginning. Sampling activities will be implemented in two scenarios, in universities and in supermarkets. Although this activity will require some investment from Sogrape, it is believed that this will be later recovered through repeat purchases and word-of-mouth.

Secondly, **direct price-offs** to consumer will be considered, given the fact that consumers are highly promotion sensitive and the red wine category is driven by promotion, with more than 80% of sales being under promotion (Nielsen 2020), as shown in the primary and secondary research. Therefore, a 25% discount on price to consumer was considered, in order to induce brand switching and for Evaristo to be competitive with other established brands.

Lastly, to stimulate online purchases in addition to trying Evaristo, **coupons** for the online platforms, particularly Vinho em Casa, will also be used. This will be implemented trough promotional codes that consumers will be able to use once they purchase a bottle of Evaristo for the first time, having a 10% discount on the first purchase of the product. The existence of this coupons will be shared in the social networks of the brand.

11.7.2. Brand Activation

Brand activation will complement the promotional activities, by engaging with consumers and encouraging brand awareness, a positive brand attitude and purchase. Brand activation for Evaristo will be done through four main actions: Point of Purchase Communications, Sampling, Events and Influencers.

Firstly, point of purchase (POP) communications will be implemented both on and off-trade, with a higher focus on the latter. These will be negotiated with the trade partners under the display material and trade incentives promotions previously described. In the on-trade, there will be coasters and wine coolers with the brand logo and name (Exhibit 41), which will foster brand awareness and brand attitude. The main focus of these incentives will be in cafes and restaurants that are more frequented by younger audiences, as this is the main target of Evaristo. In the off-trade channel, POP communications should capture consumers attention, by standing out, taking advantage of Evaristo distinctive colors and messages that contrast with the rest of the wine aisle, which is usual more traditional and characterized by dark colors. Furthermore, all displays should be consistent with the overall communications plan, reinforcing the advertising messages and the key benefit claims, showcasing the brand identity (e.g., Evaristo personality and sense of humor). Additionally, some of the tools used will have a QR code, for consumers who want to know more about the brand. Moreover, whenever possible, secondary placement should be taken into account. Apart from the regular placement that Evaristo will have in the wine aisle next to other Lisbon region red wines, as per retailer's organization, it should also be placed next to other alcoholic beverages (e.g., beer and cider) and in the perimeters of the wine aisle, in order for consumers that are not likely to go to the wine section in the first place, to be impacted by the brand. Ultimately, the goal is to persuade and influence the consumers decision at the point of purchase, where, from the quantitative research, 82% of the respondents say they make their buying decision. In this way, for the wine aisle there will be floor stickers, shelf talkers and neck hangers (Exhibit 42). For the secondary placement there will be shopping and basket cart stickers, floor displays, and shelf talkers, to be placed next to other alcoholic beverages (Exhibit 43).

Secondly, sampling will take place at both universities and supermarkets. In universities, Evaristo will be present where the target is and will be able to induce trial, by promoting partnerships with universities where similar events already occur. This would happen with the support of promoters, who will wear Evaristo branded t-shirts and receive the necessary training about the brand, to deliver the brand's message to consumers. The promoters will give out small plastic cups (40 ml) to each consumer in order for them to experiment the product without any over drinking, to avoid a negative impact in Sogrape's reputation and keeping in mind the company's commitment with Wine in Moderation (Exhibit 44). Moreover, legal age drinking will be checked by asking the students' ID, if necessary. University sampling will occur in the beginning of the school year and in 2021 it will be present at 12 different universities across the country. In the supermarkets, sampling will occur in a similar manner, with promoters, however the focus will not be necessarily only young generations, since supermarkets are frequented by all age groups. As recommendations and conversations with friends and family, seen as trusted sources, play such a big role in consumers decision, as observed in the quantitative research, it is believed that this action will also benefit Evaristo, creating the necessary word-of-mouth.

Thirdly, as sponsored events were considered one of the most significant information channels for respondents, Evaristo should also be present in relevant events for the target. This will increase brand awareness and associate Evaristo with more informal events, deconstructing the idea that wine is formal, by making sure that wine is also a choice in occasions where beer is usually the first option. Thus, three different types of events were considered: university events, sunsets and parties and summer festivals. Regarding university events, by being present in these occasions it will increase the associations between Evaristo and university student's lifestyle, which is relevant since most of the target still goes to university. Secondly, sunsets and parties, that mostly occur during spring and summer, are relevant for the target, particularly in big cities and are usually highly posted and shared on social media by the attendees, creating opportunities for word-of-mouth and increased brand awareness for the brand. Thirdly, summer festivals, attract Evaristo target audience and produce word of mouth and brand awareness, being highly publicized in the media. Being present in this type of events usually requires significant investments from brands, making it difficult for a new brand like Evaristo to be present. However, according to Ricardo Argomaniz, Sogrape is set to be a sponsor for Rock in Rio 2021, one of the biggest festivals in Portugal, that in 2018 attracted 280K spectators (Jornal de Negócios 2020). Moreover, Sogrape will be responsible for ensuring all wine supply in the festival, making it a prime time for Evaristo to be present and communicated to its target. In this way, Sogrape will be able to benefit from the existing positive attitude towards this event, making it positively viewed by Evaristo target audience (Percy and Elliott 2016). In all these events there should be the option of having wine by tap, to be consumed in Evaristo reusable cups (Exhibit 45), in order to further increase brand awareness and attitude.

Lastly, considering the importance of Instagram and recommendations for the target, Evaristo will use 10 micro influencers (between 5K - 30K followers), who will share, through a post and a story, the brand and product on their pages, showing the different occasions in which, they consume the wine and the message of the brand. It is important that the chosen influencers represent Sogrape's values and are good fit with the brand identity. This is a common action in the alcoholic drinks category since by promoting wine in this way there are less legal restrictions (ByCom Interview 2020).

11.8. Media Strategy

Media strategies will play a vital role in assisting Evaristo to differentiate itself among the numerous amounts of wine brands and reach the target consumer.

With the prior communication objectives established, brand awareness and brand attitude tactics must be implemented to create a cohesive creative and media strategy. Brand awareness specifically related to brand recognition, places importance on visuals of the brand logo and packaging. "In addition, the brand awareness tactics also states that low frequency of the advertisement is required for processing by the consumers (Percy and Elliott 2016)" (Kerth 2021). Therefore, this will be implemented in the media strategy. Any medium will suffice, but it is essential that the KBCs can be understood within a few exposures of the advertisement to create the best possible brand attitude of the product (Percy and Elliott 2016). Thus, the **primary medium** of Evaristo will involve internet advertising and out of home (OOH) advertising, while the **secondary media** will consist of signage and packaging to generate brand recognition. "As suggested in Rossiter and Percy, within media advertising, there are compromises that must be made between reach, frequency, and continuity of the advertisements (Rossiter *et al.* 2018)" (Kerth 2021). Continuity (or timing of advertising) is crucial and can be further visualized in campaign scheduling section later in this report. A blitz reach pattern for new products is the preferred arrangement in which advertisers' goal is to reach all intended audience members with increasing frequency throughout the weeks (Rossiter *et al.* 2018). But given the trade-off previously suggested and in combination with budget constraints, Evaristo's media strategy will focus on high reach capabilities and a lower frequency exposure to the target audience.

“Moreover, Evaristo is a new product within an established category and will need to be advertised as much as possible to gain significant market share” (Kerth 2021). With the primary media (Internet) chosen, the focus will be placed on the digital outlets of Instagram, Facebook, and Google Search Engine Optimizations (SEO). All primary medium selections will be mobile-friendly since the target audience is keen to use mobiles (AMINT 2016). Within Instagram and Facebook, both paid and owned media will be used. Furthermore, limited frequency measures will be implemented during the first year of launch, as time continues and the budgets grows, frequency of advertising will be increased to further showcase Evaristo to the intended target audience. In combination with video and image advertisements which will showcase Evaristo to the target audience (Exhibit 46). Within these digital platforms, a specific page will be established for Evaristo to allow the brand to create a communication channel between the target audiences while also allowing for postings to continue brand recognition, call to action (purchase of product via e-commerce platforms – e.g., Glovo and UberEats) and direct engagement with consumers. By using these outlets, the audience members can learn more about the brand/product, purchase the product, and even share/recommend the product to their peers. Google SEO will be used with social media accounts, allowing for better brand exposure to the target. Additionally, the use of A/B testing of advertisements will be used to tailor to the target audience. Included in Evaristo's online advertising will be teaser campaigns.

These online teaser campaigns will be launched shortly before the release of the brand to generate curiosity.

Finally, with regard to OOH, this medium will consist of a print advertisement specifically placed in mupis around the country in places of sales, which will additionally increase reach and frequency measures. Within the OOH media, a QR code will also be included to further connect the brand with consumers and it shall also be used create a call to action (e.g., buying Evaristo online through the e-commerce platforms).

11.9. Budget Breakdown & Campaign Schedule

Advertising and promotions budget split were done considering that Evaristo is a new brand in the introduction stage of its lifecycle, placing a higher weight on promotion, given the importance of gaining distribution and generating trial. Hence 79% of the communications budget will be spent on promotion, for the campaign launch (Exhibit 47), with most of it concerning trade promotions (Exhibit 48). The remaining will be spent on advertising, considering both creativity and content development, and primary and secondary media. Overall, the campaign budget for 2021 will be 261.265,05€. For further detail on the campaign budget please refer to Exhibit 49. In the following years this budget will decrease being 192.737,20€ in 2022 and 186.876,87€ in 2023.

Regarding the campaign schedule, this was developed based on theoretical considerations as well as main events in the target schedule and wine category. In terms of theoretical considerations, to ensure the campaign's maximum effectiveness, advertising and promotion will be used together (Rossiter *et al*. 2018), with advertising preceding promotion. This will allow for advertising to create the necessary brand awareness and attitude, while promotion incites consumers to brand purchase intention. On the other hand, target and wine category main events during the year were also considered, such as beginning and end of school, special festivities (e.g., Christmas) and wine fairs in October. With this, the campaign will start mid-

March 2021 with a teaser on Instagram, that will precede the product launch, scheduled to occur on April 1^{st}, 2021. The main campaign will start after the product is launched with online advertisement on Instagram, Facebook and use of Google SEO, on Evaristo social platforms and through both paid and owned media. At the same time, POP communications will be run at the point of sale, to reinforce the communications message. In the following months all other brand activation activities will take place (Exhibit 50). OOH will also be used later on to reach more consumers. Regarding consumer price-offs, these will happen regularly, as it is a normal practice in the wine category.

11.10. Campaign Tracking

To better assess the campaign's success and identify what areas should be improved on for Evaristo, Key Performance Indicators (KPIs) were established. Two sets of KPIs were established: the brand overall campaign and digital tracking.

The brand overall KPI's focus on Return on Investment (ROI) – percentage of marketing investment and revenue; Sales, Profit and Market Share evolution – sales, profit and market share change due to the campaign should be analyzed before and after each activity; Brand Awareness (particularly recognition) and other communication effects – in order to understand if the message is being delivered correctly, which can be measured with appropriate marketing research; Repeat to Trial rate (Conversion rate) – measure sales from new buyers; Sampling – How many people sample Evaristo. Concerning digital KPIs, the main metrics that will be under review include mentions and share of voice, reach and engagement on social media, click-through-rate in paid advertising, number of followers, purchases via E-commerce platforms, and A/B Video and Imagery testing. All of the following metrics should be monitor constantly and reevaluated during the scheduled times. It is imperative that each brand overall and digital KPIs are aligned with the communications plan and further adjusted for Evaristo's optimal growth.

12. Key Success Factors

After describing the marketing strategy and implementation for Evaristo, it is important to recognize that there are critical factors that Sogrape should consider, that are necessary to occur in order for Evaristo to be a success.

The first one is the Category Acceptance, as the new product concept and its marketing mix, are based on the assumption that young consumers are indeed open to at least try red wine. Secondly, Brand Success is also relevant, since it is a new brand for Sogrape, with a different value proposition, it is important that consumers are aware of the brand, identify with it and like it. Thirdly, a positive Product Experience is also a key success factor, meaning the product should correspond to consumers expectations, and actually deliver an "easy to drink experience". If consumers do not like the product, they will not repurchase it and will not recommend to their peers. Finally, Distribution is also of extremely importance, as consumers need to be able to find the product at the points of sale.

13. Profit and Loss

After defining the marketing mix for Evaristo, it is necessary to forecast the results for the upcoming 5 years (until 2026), assuming that Evaristo will start to be sold on 1st of April 2021. The following section points out the main assumptions for the development of the forecast P&L.

13.1. Main Assumptions

In order to compute the P&L for Evaristo, several assumptions were made based on secondary research and data provided by Sogrape.

13.1.1. Evaristo Revenues

Evaristo's forecasted revenues were calculated based on the prices purposed in the Price section of this document. As for the quantities, they were based on a benchmark of a recent launch of a close priced Sogrape red wine brand, Sossego. This brand's first few year's sales growth rates were also used as a benchmark for the calculation of Evaristo sales growth, in the 5 years following its launch. Considering this, in the modern trade Evaristo sales are expected to grow 57% in the first year, 30% in the second year, and 10% from the third year onwards. Regarding the HoReCa channel, sales are expected to grow only 20% in the first three years, due to Covid-19 pandemic impact, and from then onwards 10%. Lastly, the online sales are expected to grow, given the current market trends and increasing use of e-commerce, hence a growth of 7% in the first year, 10% in the second was assumed, and from then onwards it will stabilize on 15%.

The distribution of quantities sold per channel was based on the current distribution of sales of Sogrape's portfolio, which is around 35% to HoReCa and 65% on modern trade. E-commerce was calculated to account for 5% of the total sales of Evaristo, reducing the modern trade importance to 60%, as both these channels serve the off-site consumption segments.

Canned wine should be launched in January 2022, as Evaristo reaches 150.000,00€ in net sales revenues, as this is considered a good indicator for market penetration and brand awareness.

13.1.2. Costs of Goods Sold

Once revenues for Evaristo were calculated for the years 2021-2026, the Costs of Goods Sold (COGS) had to be computed to get to the gross margin of Evaristo.

The values for the COGS in the first year are: 1,58€ for the Regular bottle, 1,75€ for the Small bottle and 0,68€ for the Canned wine. Regarding the Regular bottle of wine, it was assumed that due to the large and increasing volume of sales, the COGS for this option would gradually decrease due to economies of scale, from year 2 until year 4. From year 4 onwards, the value of COGS will remain constant due to the fact that economies of scale will be exhausted. Having the goal of by year 4 onwards achieve a gross margin of 45%, the COGS on year 2 will decrease to 1,43€, on year 3 to 1,33€ and on year 4 to 1,29€. On year 5 and 6, the COGS will be 1,29€, matching the value of year 4.

In the case of the small bottle and canned wine, it was assumed that the COGS would remain constant at the value of the first year, as sales growth on both are slow and the volumes do not justify possible economies of scale.

13.1.3. Marketing Costs and CAPEX

In order to reach the previously mentioned communication objectives (i.e., 4% market share within Lisbon red wines), the communications and promotions budget was calculated to be 260.493,12€ for the first year. Afterwards, the marketing budget will decrease gradually every year, as brand awareness efforts won't be as necessary as in the first year of the brand.

Regarding CAPEX, no investments were considered for this analysis as Sogrape already owned all the necessary equipment to produce Evaristo (Argomaniz, Ricardo Interview 2020).

13.1.4. Other Overall Assumptions

Lastly, some overall assumptions should be considered. A discount rate of 5,15% was used (Sogrape's Annual Report 2019) and no inflation was considered, assuming that it will have a negligible impact on the project. Additionally, the corporate tax rate applied was 28% (Sogrape Annual Report 2019). Also, industrial and warehouse costs were assumed to be included on COGS.

13.2. Results

Considering the previously mentioned assumptions, a P&L was developed (Exhibit 51). **Sales revenues** totalize 456.216,92€ in 2021, reaching 1.116.246,08€ in 2026. These sales revenues enable Evaristo's **gross margin** to grow gradually until stabilizing in year 2024 in 45%.

After calculating the discounted cash-flows, a **NPV** of 861.757,27€ was reached, showing that Evaristo is indeed a good investment opportunity for Sogrape.

Lastly, a **scenario analysis** was performed, considering both pessimistic and optimistic perspectives, in the modern trade sales growth, since this is the channel with highest volume sales, hence changes in this channel will have a strong impact for the brand (Exhibit 52). In the pessimistic scenario it was considered that sales would only grow 20% in the first year, leading to an NPV of 731.225,71€. On the other hand, in the optimistic scenario sales would grow 70%, achieving an NPV of 907.261,42€ (Exhibit 52).

Overall, introducing Evaristo to on and off trade and online platforms, can be considered a viable investment opportunity, indicating the need for Sogrape to expand to new customer segments.

14. Control Measures: Key Performance Indicators

To measure the performance of the project throughout its development and implementation, the following Key Performance Indicators (KPI's) were outlined. Firstly, sales growth, by measuring sell in and sell out to understand product performance and penetration. Although closely related with sales, it is still important to monitor profits growth, to control the costs, namely trade promotions to retailers. Moreover, market share evolution should be analyzed, to assess the brand position in the market compared with competitors, and the impact of the different marketing activities on this indicator. Also, distribution, more specifically, where it is being sold and the number of points of sale. Furthermore, the number of new customers, trough the evaluation of the number of both current and potential customers, conversion of non-red wine consumers, and number of one-time triers and brand loyal. Lastly, customer satisfaction, by evaluating if consumers are satisfied with the new offering and if it meets their expectations.

15. Contingency Plan

It is important to recognize that unexpected events may occur, putting at risk Evaristo success. With this in mind, a contingency plan was developed taking into account certain events, its impact on the brand and how Sogrape can react to them.

- **Low Sales Growth** – Market share did not meet the objectives, Low market penetration.

Action Plan: Review marketing strategy and implementation and do a market research to understand what failed.

- **“Miscommunication” Plan –** Consumers did not understand the KBC from the brand.

Action Plan: Re- evaluate communication plan.

- **Low Distribution** – Lack of availability of the product at the point of sale.

Action Plan: Better relationships with trade partners. Review and re negotiate selling conditions and provide better incentives (e.g., price, margins)

- **Low Customer Satisfaction** - Bad brand reputation, consumers will not repurchase and will not recommend to peers.

Action Plan: Re-evaluate branding and product (e.g., taste, price, packaging). Create plan to push positive word-of-mouth.

- **Fail to Be Accepted by Young Adults** - Failure in attracting young consumers to the red wine category.

Action Plan: Pick new target or re-brand and re-positioning for the younger target.

- **Covid-19 Pandemic Continues** - Lockdown and legal restriction continue.

Action Plan: Review HoReCa channel strategy and redirect those efforts to online and off-trade channels.

16. Why we think Evaristo will work

Sogrape is a company made of successful brands, and Evaristo will complete that portfolio. Moreover, by choosing to target a new segment, Evaristo will allow Sogrape to increase its customer base and ultimately grow the red wine category. Evaristo will attract younger consumers by offering a true easy to drink wine, that will be reflected not only in the product itself but also in the way it is communicated to the target audience, both digitally and at the points of sale. Finally, Evaristo will break barriers, by being the first wine brand in Portugal to offer canned wine, which will allow the creation of new wine consumption moments, serving as an example to other wine manufacturers.

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Appendix

Exhibit 1 – Hypothesized Hierarchical Partitioning of the Alcoholic Beverages Market

(Euromonitor International 2020)

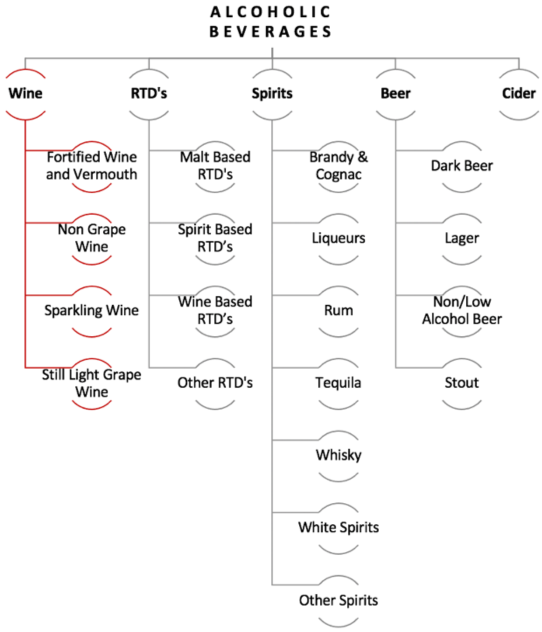


Exhibit 2 – Hypothesized Hierarchical Partitioning of the Wine Market

(Euromonitor International 2020)

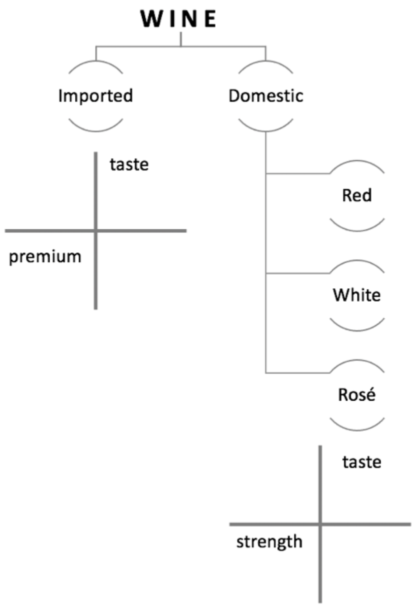


Exhibit 3 – Red Wine Sales vs Promotion 2019 (Nielsen 2020)

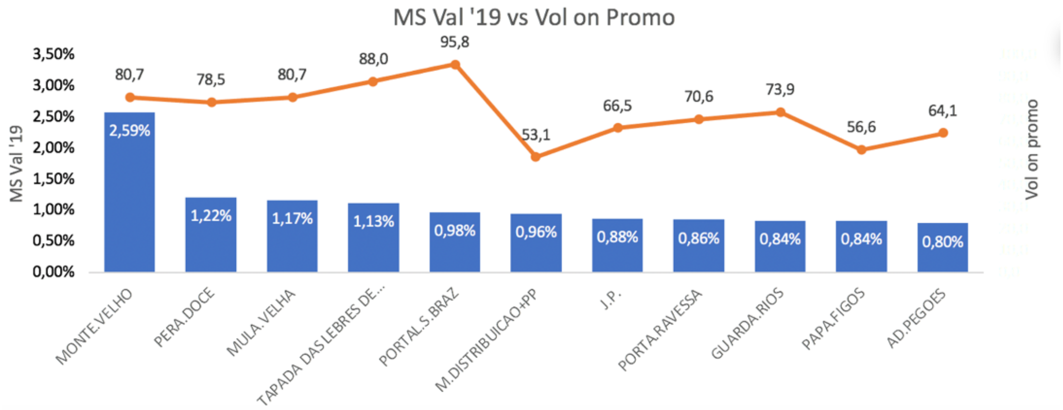


Exhibit 4 – Red Wine Sales vs Price per Liter 2019 (Nielsen 2020)

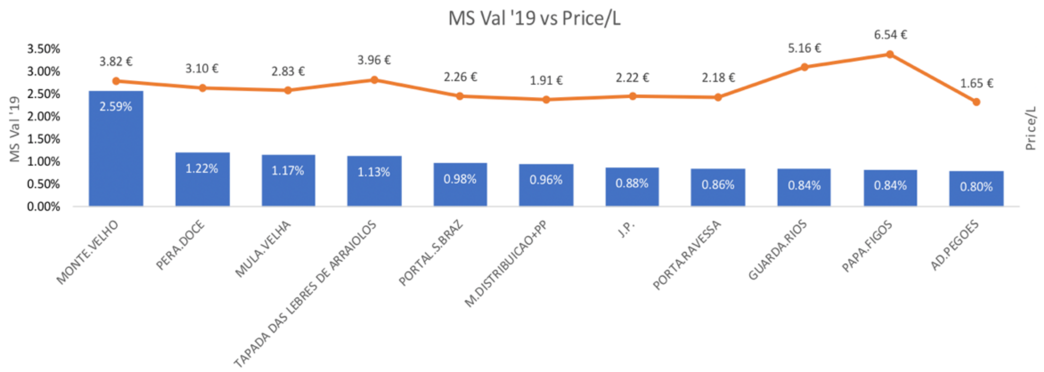


Exhibit 5 – Lisbon Red Wines Market Share vs. Price per Liter (Nielsen 2020)

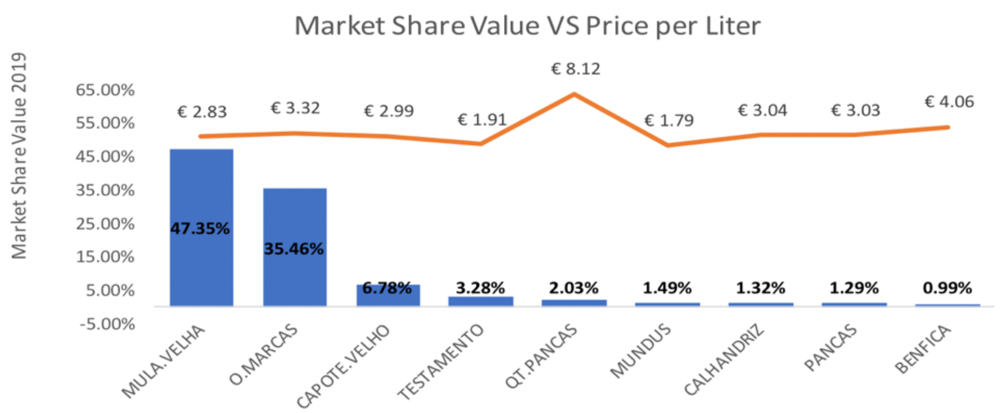


Exhibit 6 – Lisbon Red Wines Sales in Volume vs. Sales Volume on Promotion (Nielsen 2019)

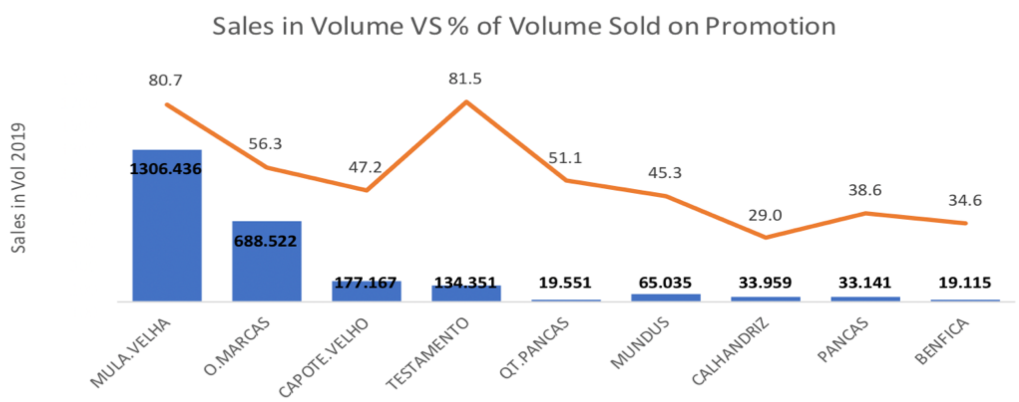


Exhibit 7 – Sogrape Turnover and EBITDA (2017-2019) (Sogrape Annual Report 2019)

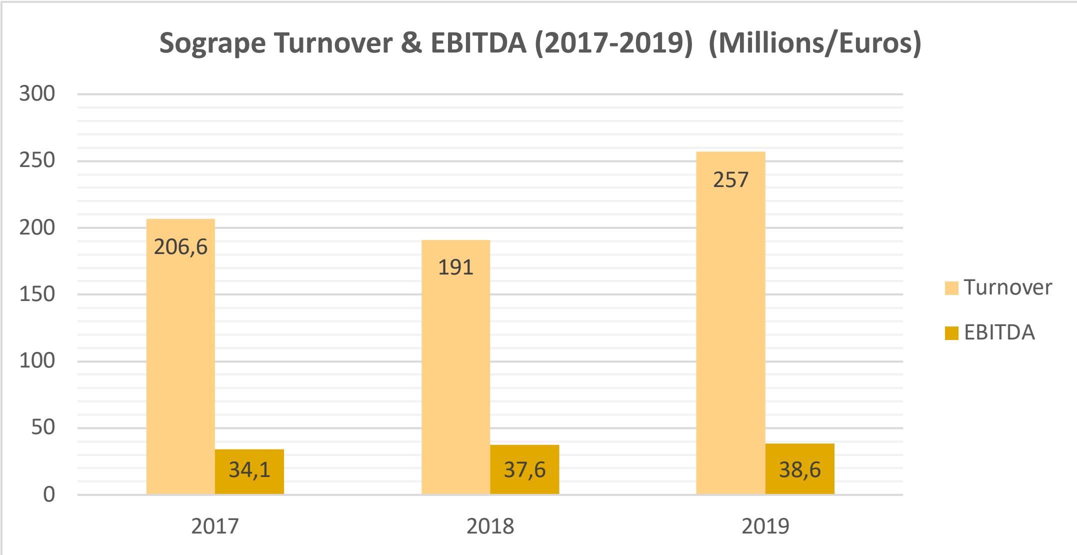
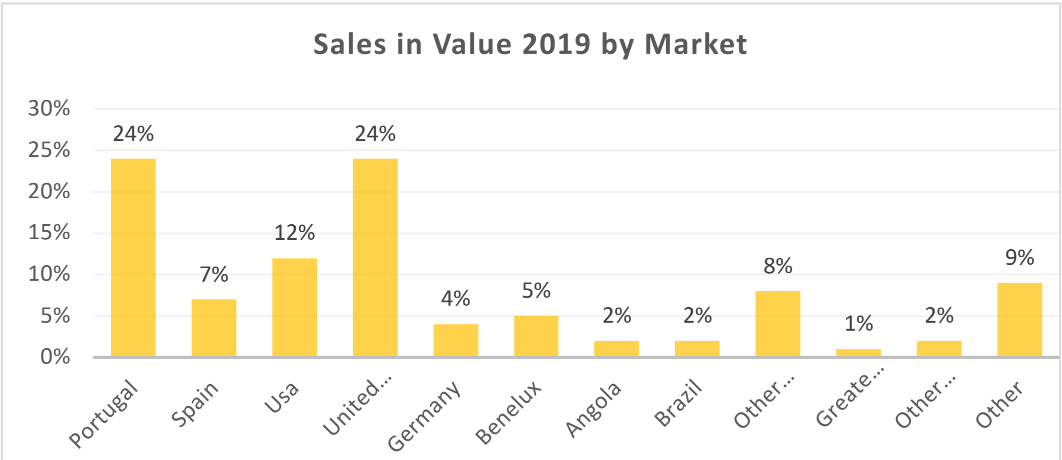


Exhibit 8 – Sogrape Sales Brand and Market in 2019 (Sogrape Annual Report 2019)



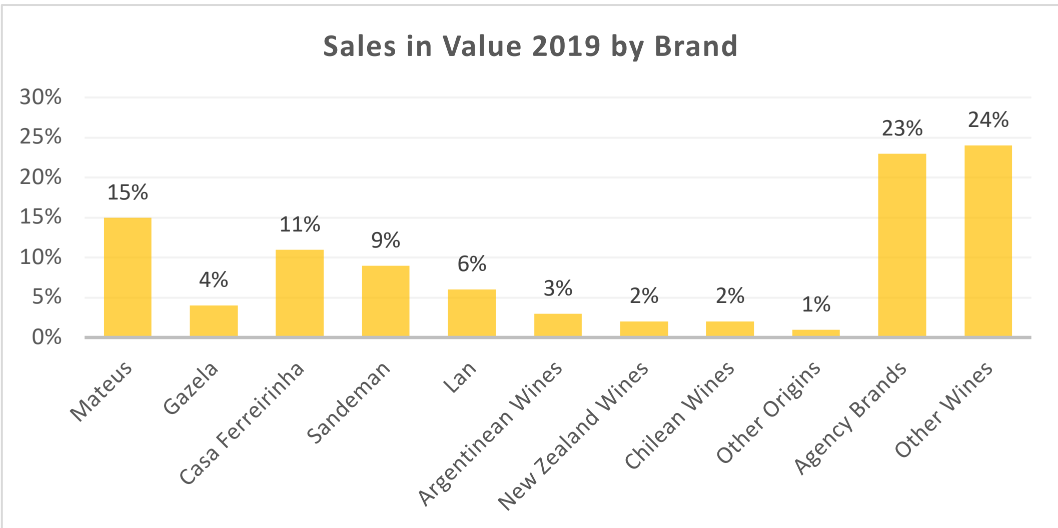


Exhibit 9 – Sogrape's Current Product Offering

Exhibit 10 – Young Adults Views on Various Alcoholic Drinks (Sogrape 2020)

Exhibit 11 – Wine Type Penetration by Age Group (Amint Report 2016)

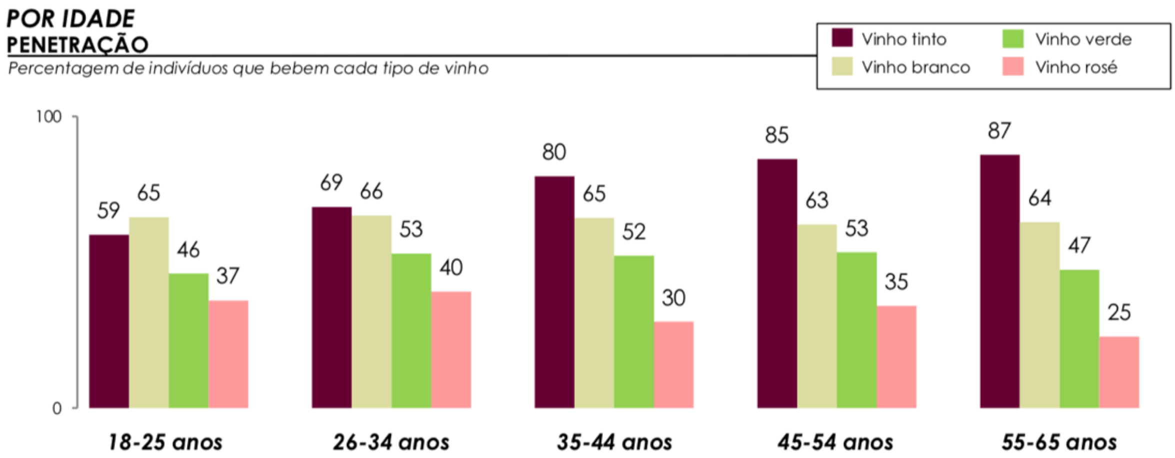


Exhibit 12 – In-store Observations


Auchan Cascais


Auchan Cascais


Auchan Alfragide

Exhibit 13 – Qualitative Research Interview Guide

Introduction and Purpose of the Interview

[Explain confidentiality and rules of the road]

Good morning / afternoon / evening. My name is ______ and I am currently developing my thesis as a master's student at NOVA School of Business and Economics. In this project, we are conducting a research related to the wine market.

For this purpose, I would like to interview you for approximately 45 to 60 minutes, by means of an in-depth interview, which means that I will ask you several questions, to which there are not right, or wrong answers and you are free to say whatever comes to your mind on the subject.

For the purpose of analyzing our interviews later, I would like to record our conversation, would that be ok? It will remain anonymous and you will not be contacted further past this interview.

Filter Questions

Have you lived in Portugal for the past <u>5 years</u>? Yes [Go to next question] No [Finish interview]

Are you aged between 18 and 34 years old? Yes [Go to next question] No [Finish interview]

Have you consumed and purchase an alcoholic beverage for the past <u>12 months</u> at least once? Yes [Go to next question] No [Finish interview]

Introduction Question

1. Can you please tell me about the last time you purchased and consumed alcohol? (With who, when, why etc.)?

Section 1 - Alcoholic Drinks Category

2. Tell me about your alcohol consumption choices.

Topics to be covered (don't ask directly, only if the interviewee doesn't answer on its own):

- What beverages do you like?
- In what occasion do you drink each beverage?
- Which adjective would you use to describe each of them? Why?
- What is your alcoholic drink of choice?
- What makes you want to drink alcoholic beverages? (Drivers to drink alcohol)
- Do you consume it at home, out, or both?
- What are the main information channels do you use to gain information regarding alcoholic beverages? (TV, Social Media, Point of Purchase etc.)?

Section 2 - Wine Category

Wine Consumers

[Only if the interviewee said he consumed wine in the previous questions. The goal is to understand the consumers' needs and category perception.]

Right! I'm using a specific technique in this interview, in which you're invited to say everything that comes to your mind following a broad question. There are no right or wrong answers, and you're free to pause as many times as you wish while you consider everything you have to say about the subject, ok?

1. What brands come to mind when you think about wine? (Top of Mind and Others)
2. Can you please tell me about the last time you purchased and consumed wine?
3. Can you please tell me what comes to your mind when you think about wine? (acquisition and usage) Considering: Who purchases it? Where and in what occasion? Reasons for purchasing, Information channels, Value proposition evaluation criteria, Reasons for choosing a specific wine brand (price, sustainability, bottle design, promotion), Acquisition offer (for example: getting a snack or concert ticket with the wine as offering)
4. What type of wine do you prefer? Why? (White, Red, Rosé, Green). What factors and features do you consider when consuming wine? The type of wine (White, Rosé, Red)? Does the region play a role in your wine decision? The occasion? The strength (light/heavy/strong)?
5. How many times in a year (if interviewee is unsure, ask for month or week) the interviewee buys wine?
6. What is your preferred wine brand? Why? Which three adjectives would you use to describe that brand?
7. Has your wine consumption changed in the past 6 months? How?
8. Would you try a red wine from Lisbon with the following description?
    - Ruby Color
    - Hints of ripe red fruits
    - Fruity on the palate

Grape Varieties

50% - Touring Nacional
20% - Cabernet Sauvignon
20% - Syrah
10% - Alicante Bouschet

Nutritional Facts

Alcohol: 13.5%
Total acidity: 5.9 g/L
Residual Sugar: 0.1 g/L
pH: 3.6

Non-Wine Consumers

[Only if the interviewee said he did not consumed wine in the previous questions. The goal is to understand the consumers' needs and category perception]

Right! I'm using a specific technique in this interview, in which you're invited to say everything that comes to your mind following a broad question. There are no right or wrong answers, and you're free to pause as many times as you wish while you consider everything you have to say about the subject, ok?

1. Can you please tell me what comes to your mind when you think about your drink of choice? (mentioned in question 3 of section 1) (ACQUISITION AND USAGE) Considering: Who purchases it? Where and in what occasion? Reasons for purchasing, Information channels, Value proposition evaluation criteria, Reasons for choosing a specific brand (price, sustainability, bottle design, promotion), Acquisition offer (for example: getting a snack or concert ticket with the wine as offering)
2. Why do you prefer other drinks instead of wine? (Price, Taste, Occasion, Availability etc.) (Topic to cover: Why don't you consume wine?)
3. What brands come to mind when you think about wine? (Top of Mind and Others)
4. Can you please tell me what comes to your mind when you think about wine? (acquisition and usage) Considering: Who purchases it? Where and in what occasion? Reasons for purchasing, Information channels, Value proposition evaluation criteria, Reasons for choosing a specific wine brand (price, sustainability, bottle design, promotion)
5. In what situation would you consider wine as an option?
6. Did your drinking habits change in the past 6 months? How?
7. Would you try a red wine from Lisbon with the following description?
   - Ruby color
   - Hints of ripe red fruits
   - Fruity on the palate

Grape Varieties

50% - Touring Nacional
20% - Cabernet Sauvignon
20% - Syrah
10% - Alicante Bouschet

Nutritional Facts

Alcohol: 13.5%
Total acidity: 5.9 g/L
Residual Sugar: 0.1 g/L
pH: 3.6

Section 3 - Wrap Up and Final Notes

Alright! Coming to the end of the interview. I'd like to ask you some simple final questions that will help us characterize our sample.

Age (in years):

Nationality:

Marital status:

Number of Children <18:

[DO NOT ASK – JUST REGISTER] Gender:

Education | Educação [SHOW LIST]

- [ ] Can't read / write | Não sabe ler nem escrever/Analfabeto
- [ ] Less than 4th grade | Primária incompleta / Sabe ler/escrever sem ter completado a primária
- [ ] 4th grade | Primária Completa
- [ ] 6th grade | Ciclo Preparatório (completo)
- [ ] 9th grade | 9o Ano unificado ou antigo 5o ano dos liceus (completo)
- [ ] 11th /12th grades | 11o / 12o unificados ou antigo 7o ano dos liceus (completo)
- [ ] Professional or Arts Degree | Curso profissional / artístico
- [ ] Incomplete undergrad | Curso médio / frequência universitária / bacharelato
- [ ] Undergrad in Nursign, Social Services, Childcare, Primary Schooling, Tourism, Secretariat, Accounting, Archiving | Licenciatura em Enfermagem, Serviço Social, Educador(a) de Infância, Ensino Primário, Turismo, Secretariado, Contabilidade e Documentação
- [ ] Other undergrad programs | Restantes Licenciaturas
- [ ] Post-grad or Masters | Mestrados/Pós Graduações
- [ ] PhD | Doutoramento

Occupation | Ocupação [SHOW LIST]

- [ ] GO1 – Middle and Top Management
- [ ] GO2 – Specialized Technicians and Small Business Owners
- [ ] GO3 – Employees of Tertiary Sector
- [ ] GO4 – Qualified / Skilled Workers
- [ ] GO5 – Unqualified / Unskilled Workers
- [ ] GO6 – Retired / Unemployed
- [ ] GO7 – Students| Estudantes
- [ ] GO8 – Housewives | Domésticas

Exhibit 14 – Quantitative Research Survey Questions

Section 0 – Introduction

Hello,

We are a group of students from Nova School of Business and Economics and we are currently working on our master thesis.

We need your help answering this survey to understand alcoholic consumption and wine preferences for young adults.

This survey takes about 10 minutes to complete. All answers will be anonymous, and the data will only be used for the purpose of this project.

Thank you for participating!

Section 1 - Filter Questions

1. Have you lived in Portugal for the past 5 years? Yes [Go to next question] No [Finish survey]
2. Are you aged between 18 and 34 years old? Yes [Go to next question] No [Finish survey]
3. Have you purchased and consumed an alcoholic beverage for the past 12 months at least once? Yes [Go to next question] No [Finish survey]

Section 2- Alcoholic Drinks Consumption

4. Allocate 100 points among the different alcoholic drinks below, so that your allocation reflects your alcoholic drinking consumption in the past 12 months. If a drink doesn't apply to you allocate 0 points. [Constant Sum]

- Wine
- Sangria
- Beer
- Cider
- Spirits (e.g., Vodka, Tequila, Whisky etc.)
- Cocktails
- Other (Please specify)

5. What are the main reasons that make you choose to drink alcoholic beverages? (Choose up to 3 options) [Multiple Choice]

- Socializing (Good to be with friends)
- Accompany Meals

- For Relaxing or Leisure
- Feelings/experience associated with previous drinking
- Getting drunk
- None of the above

6. During the last 12 months, how often did you have any kind of drink containing alcohol? Choose the one that most closely resembles your alcohol consumption behavior. [Multiple Choice]

- Every day
- 2 to 4 times a week
- once a week
- once a month
- 1 to 11 times in the past year

7. Where do you get information from your most preferred alcoholic drink? Order from the Most Relevant to the Least Relevant. [Rank Order]

- Instagram
- Facebook
- Youtube
- Other Social Media (e.g., Twitter, Pinterest, TikTok, Linkedin)
- Word-of-mouth
- Television
- Outdoors / Mupis
- Sponsored events and Festivals
- Point of Purchase

8. Have you consumed wine in the past 12 months? [Multiple Choice]

- Yes
- No

[Break between Wine Consumers and Non-Wine consumers]

Section 3 - Wine Consumers [If answer to question 8. was Yes]

9. From 1 – "Strongly Disagree" to 7- "Strongly Agree", regarding your perception about the wine category, how much do you agree with the following sentences: [Matrix Table – 7 Point Likert Scale]

- Wine is for older people.
- Wine is formal and sophisticated.

- Wine category is complex and overwhelming.
- Red wine is to be consumed in the colder months.
- Wine is a good gift.

10. Allocate 100 points among the different types of wine below, so that your allocation reflects your wine consumption. If an option doesn't apply to you allocate 0 points. [Constant Sum]

- Red
- White
- Verde
- Rosé

11. In what occasion(s) do you purchase and consume wine? (Choose up to 3 options) [Multiple Choice]

- Relaxing time
- Casual social gathering
- Special Occasion
- Meals
- To gift
- Other (Please specify)

12. Who purchases the wine in those occasions? (Choose up to 3 options) [Multiple Choice]

- Myself
- A friend
- Family member my age
- Older family member
- Significant Other/Partner
- Other

13. Indicate the level of concern with the following factors that may influence your wine choice (Select from 1 to 7 in which 1 is "Not Concerned at All" and 7 is "Extremely Concerned") [Matrix Table – 7 Point Likert Scale]

- Packaging/ Bottle design
- Brand Familiarity and Trust
- Region of the wine
- Type of wine (White, Red, Rosé, Verde)
- Price
- Perceived Quality

- Awards and Prestige
- Promotion
- Occasion
- Recommendations
- Brand Communication (e.g., Advertisement)
- Flavor & Taste

14. From 1 – “Strongly Disagree” to 7- “Strongly Agree”, how much do you agree with the following sentences: [Matrix Table – 7 Point Likert Scale]

- I drink wine because it makes it easier to socialize.
- I drink wine because I like to have it with meals.
- I drink wine to get drunk.
- I drink wine to relax and unwind.
- I drink wine during special occasions.
- I drink wine mixed in other beverages.

15. When buying wine: [Multiple Choice]

- I already know which wine I want to get, and I look for it in the shelf
- I choose when I’m looking at the shelf
- Both
- None of the above

16. Imagine if two similar wine brands are for sale, one priced at 5€ (Wine A) and the other, originally priced at 10€, now on promotion selling for 6.5€ (Wine B). Which one would you be most likely to buy? [Multiple Choice]

- Wine A
- Wine B

17. How much would you pay for a bottle of red wine for yourself (in euros)? [Text Entry]

18. How much would you pay for a bottle of red wine as a gift (in euros)? [Text Entry]

<u>Section 4 – Non-Wine Consumers</u> [If answer to question 8. was No]

19. From 1 – "Strongly Disagree" to 7- "Strongly Agree", regarding your perception about the wine category, how much do you agree with the following sentences: [Matrix Table – 7 Point Likert Scale]

- Wine is only to have with meals.
- Wine is for partying with friends.
- Wine is to relax.
- Wine is for older people.
- Wine is formal and sophisticated.
- Wine category is complex and overwhelming.
- Red wine is to be consumed when in the colder months.
- Wine is a good gift.

20. From 1 – "Strongly Disagree" to 7- "Strongly Agree", how much do you agree with the following sentences: "I don't consume wine because…" [Matrix Table – 7 Point Likert Scale]

- … I don't like the taste.
- … it is too strong and heavy in alcohol making it difficult to drink.
- … it is not an ideal drink for conviviality compared with other alcoholic drinks.
- … is more expensive than other alcoholic drinks.
- … there is too much variety and I don't know how to choose.
- … I feel that I don't have enough knowledge about it and so I can't appreciate it.
- … it's not as refreshing as other alcoholic drinks.
- … other alcoholic beverages are easier to drink.

21. In what situation would you consider wine as an option? (Choose up to 3 options) [Multiple Choice]

- During a special occasion (e.g.: Birthday, Wedding, Work Dinner, Party).
- With meals.
- If everyone else I am with is drinking wine.
- In the future, as I grow older.
- If someone recommends a specific wine to me.
- To mix in other beverages (e.g.: Sangria).
- I would never consider wine as an option.
- Other (Please specify)

22. How much would you pay for a bottle of red wine for yourself (in euros)? [Text Entry]

23. How much would you pay for a bottle of red wine as a gift (in euros)? [Text Entry]

24. Regarding the wine aisle in the supermarket:

24.1. From 1 – "Extremely Unlikely" to 7- "Extremely Likely", how likely are you to visit the wine aisle in a store? [Matrix Table – 7 Point Likert Scale]

24.2. What don't you like about the wine aisle? Select all that apply. [Multiple Choice]

- Too many wine options
- The wine organization (e.g. region, color etc.)
- Not having any help to choose
- Lack of information available
- Not conveniently placed within the store
- I don't feel like there's a wine option for me
- Lack of opportunity to try in-store (sampling)
- I have no opinion, I just don't like wine

<u>Section 5 – Evaristo Test Concept</u>

25. Would you try a new red wine from Lisbon with the following characteristics? [Multiple Choice]

· Ruby Color

· Hints of ripe red fruits

· Fruity on the palate

Grape Varieties

50% - Touring Nacional
20% - Cabernet Sauvignon
20% - Syrah
10% - Alicante Bouschet

Nutritional Facts

Alcohol: 13.5%
Total acidity: 5.9 g/L
Residual Sugar: 0.1 g/L
pH: 3.6

- Yes
- No

26. Which factors could influence your decision of trying this wine? Order them from Most Relevant to Least Relevant. [Rank Order]

- Price
- Curiosity
- Recommendations from friends or family
- Bottle Design
- Perceived Taste & Strength

- Brand Recognition from advertisement
- Product Testing & Experimentation
- The fact that it is a Lisbon region wine

27. How much would you be willing to pay for this specific wine (in euros)? [Text Entry]

<u>Section 6 – E-Commerce</u>

28. Where do you purchase alcoholic drinks? (Choose up to 3 options) [Multiple Choice]

- Supermarkets & Hypermarkets
- Convenience Stores
- Restaurants, Bars, Cafés and Kiosks
- Online
- Other

29. Have you purchased alcoholic beverages online? [Multiple Choice]

- Yes
- No

[E-Commerce Users - If answer to question 29. was Yes]

30. Which online platform(s) do you use for purchasing alcoholic beverages? [Multiple Choice]

- Supermarket Online Website (e.g.: Continente Online, Auchan Online)
- Online Wine Sellers (e.g.: Vinho em Casa, Portugal Wineyards)
- App for Alcoholic Drinks
- Delivery Platforms (e.g.: UberEats, Glovo)
- A subscription service (e.g.: Liquid Spirits Club)
- Other

[E-Commerce Non-Users - If answer to question 29. was No]

31. Why don't you purchase alcoholic beverages online? (Choose up to 3 options) [Multiple Choice]

- Takes too much time to be delivered
- Deliver fee is expensive
- I don't trust the website/platform
- Not enough choices online
- I like to choose in the moment
- It's not convenient
- Other

32. Would you be willing to buy wine online? [Multiple Choice]

- Yes
- No

[E-Commerce Non-Users willing to buy wine online - If answer to question 32. was Yes]

33. From the online platforms below, which one would you first consider if buying wine online? [Multiple Choice]

- Supermarket Online Website (e.g.: Continente Online, Auchan Online)
- Online Wine Sellers (e.g.: Vinho em Casa, Portugal Wineyards)
- Wine App
- Delivery Platforms (e.g.: UberEats, Glovo)
- A subscription service (e.g.: Liquid Spirits Club)
- Other

[E-Commerce Final Question for everyone]

34. What would make you purchase a wine online? (Choose up to 3 options) [Multiple Choice]

- Lower prices and/or promotions
- Convenience
- Quick Delivery (e.g., 30 minutes to an hour delivery time)
- Reviews and information about each drink
- Diverse Assortment on website/ platform
- “Last minute” Purchase
- I would most likely never purchase a wine online

<u>Section 7 – Packaging</u>

35. From 1 – “From Extremely Unlikely” to 7- “Extremely Likely”, how likely would you be willing to try the following: [Matrix Table – 7 Point Likert Scale] (Showing example pictures of each format)

35.1. Canned wine

35.2. Tetra Pack Wine

35.3. Easy Open Bottle of Wine

35.4. Smaller Wine Bottle of 375 ml

36. In the table below, choose the packaging(s) that best fit the following characteristics: (You can choose more than one packaging option for each characteristic.) [Matrix Table – 5 Point Likert Scale]

	Canned Wine	**Tetra Pack Wine**	**Easy Open Bottle of Wine**	**Smaller Wine Bottle**	**None of the options**
It's practical and convenient.					
It has the same quality as a regular bottle of wine.					
It has lower quality as a regular bottle of wine.					
It appeals to me.					
It's less formal than a regular bottle of wine.					
It looks healthier than a regular bottle of wine.					
It's more sustainable than a regular bottle of wine.					
It stands out from regular wine packaging.					

Section 8 - Demographics

37. Age

- 18 to 24
- 25 to 29
- 30 to 34

38. Nationality

- Portuguese
- Other (Please specify)

39. Gender

- Female
- Male
- Prefer not to say

40. Household yearly income (after taxes) – Optional

- Under 5000€ per year
- Between 5 000€ and 10 000€ per year
- Between 10 000€ and 20 000€ per year
- Between 20 000€ and 40 000€ per year
- More than 40 000€ per year

41. What is the highest degree or level of school you have completed?

- Elementary School
- Middle School
- Highschool degree or equivalent
- Bachelor's degree (e.g., BA, BS)
- Master's degree (e.g., MA, Ms, MEd)
- Decorate (e.g., PhD, EdD)
- Other (Please specify)

42. Occupation

- Student
- Student-Worker
- Employed
- Unemployed
- Retired

Exhibit 15 – Quantitative Research Sample

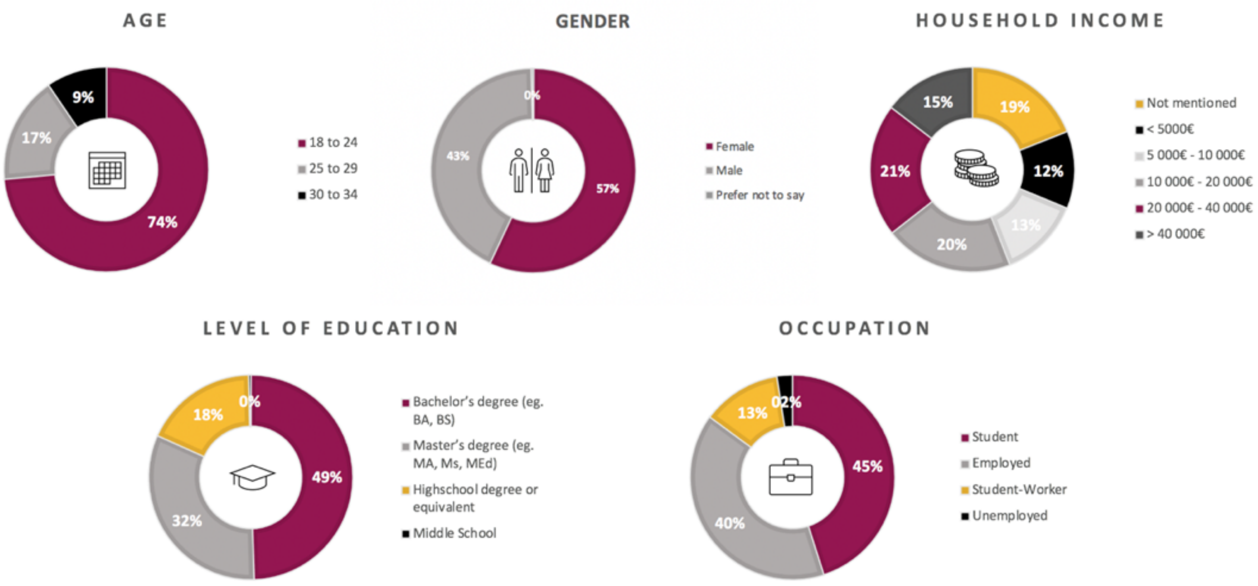


Exhibit 16 – Average Alcoholic Drinks Consumption By Age Group

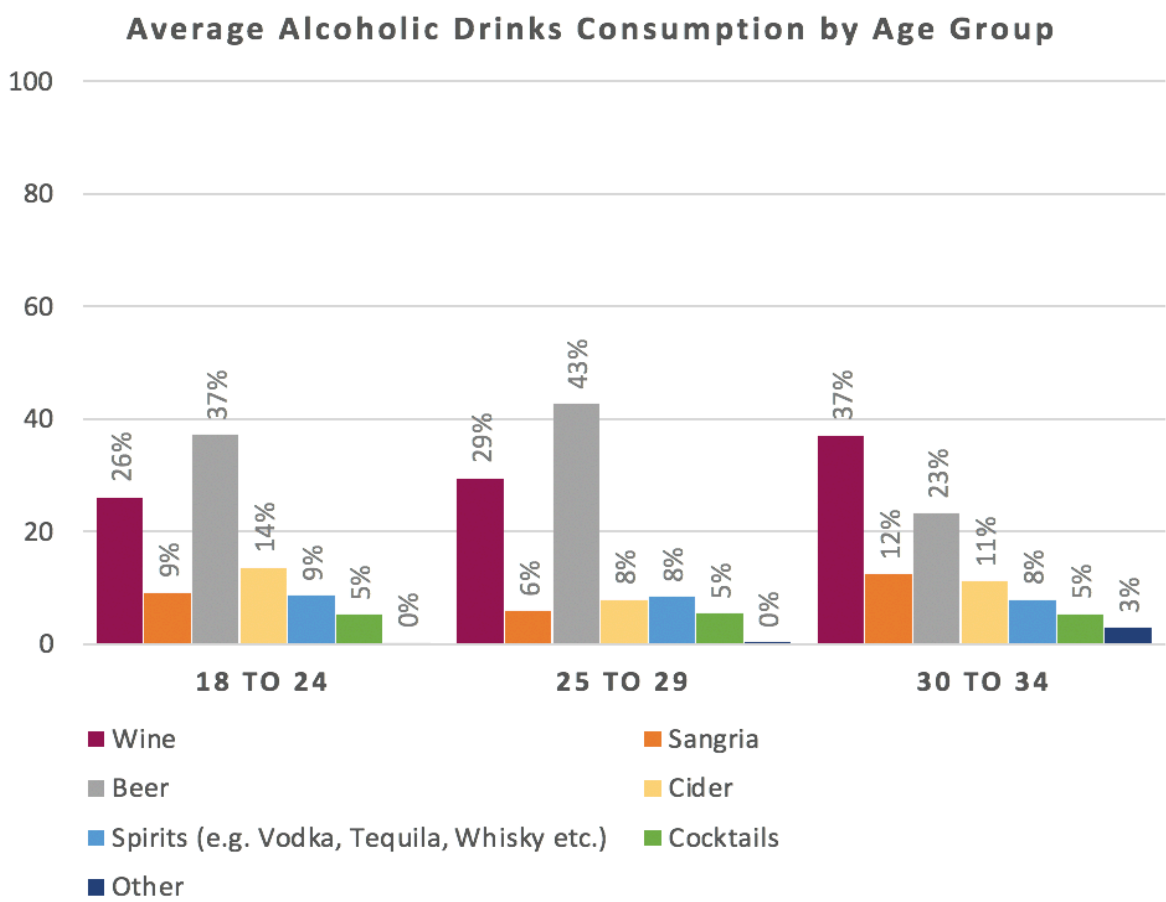


Exhibit 17 – Wine Consumers Main Findigns Summary

Wine Consumers Main Findings Summary
Wine Consumption by Color - Red and White wines are the most consumed by all age groups - Red Wine consumption increases with age while white wine consumption decreases
Non-Red Wine Consumers - 14% of wine consumers do not consume red wine Relaxing or Leisure (68%) - Most of them are under 24 years old (78%) and female (73%)
Wine Drinking Occasions - Casual social gathering (78%) - Special occasions (62%) - Meals (49%) - To gift (38%) - Relaxing (33%)
Who Purchases the Wine - Themselves (84%) - A friend buys (65%) - An older family member (50%)
Factors that Influence Wine Decision Making (by order of relevance) High Level of Concern: 1. Type of Wine 2. Flavor & Taste 3. Perceived Quality 4. Brand Familiarity and Trust 5. Recommendations 6. Price Low Level of Concern: 1. Occasion 2. Promotion 3. Region Neutral Level of Concern: 1. Awards and Prestige 2. Packaging/Bottle Design 3. Brand Communication
Where Wine Consumers Make the buying Decision - Both before and at the point of purchase (50%) - Only Choose when looking at the shelf (33%)

Exhibit 18 – Wine Consumption Preference By Age Group

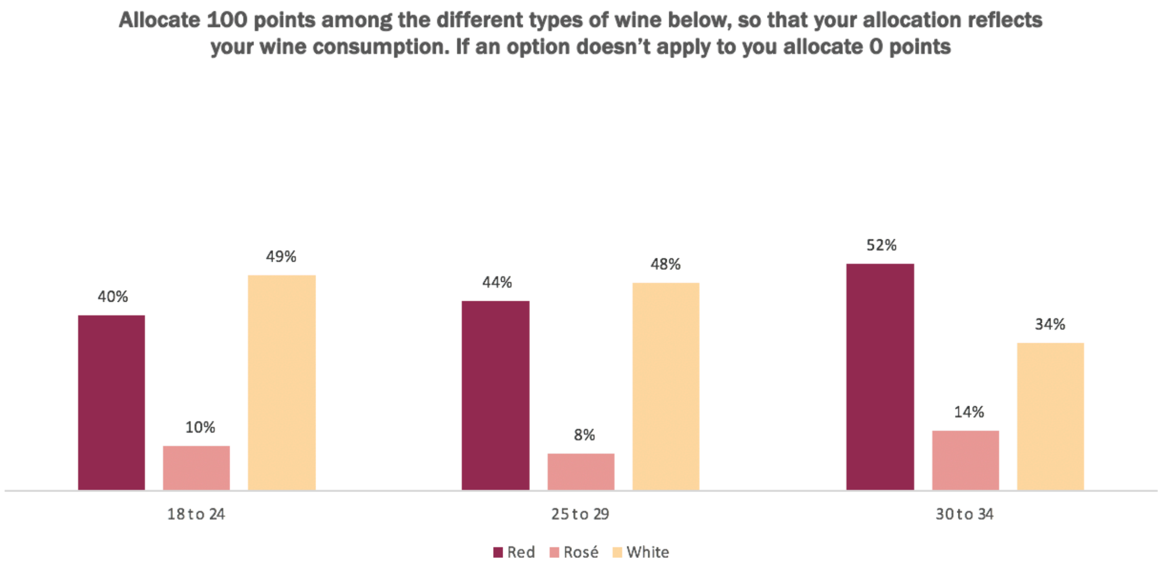


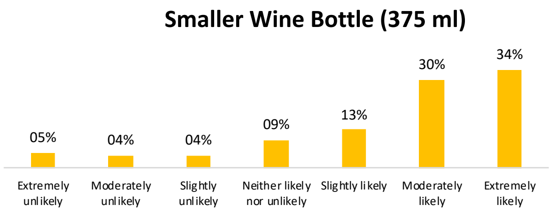
Exhibit 19 – Promotions Sensitivity

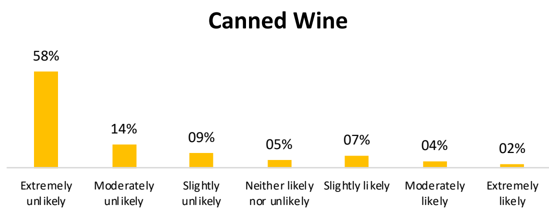
Exhibit 20 – Packaging Options Presented

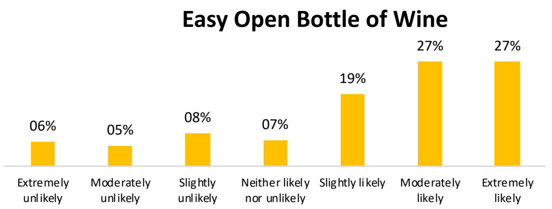
(From left to right: Small Bottle, Easy to open bottle, Canned Wine and Tetra-pack Wine)




Exhibit 21 – Willingness To Try The Different Packaging Options







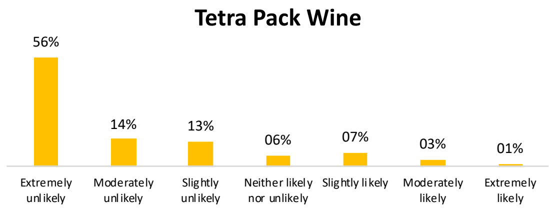


Exhibit 22 – Characteristics Associated with The Different Packaging Options

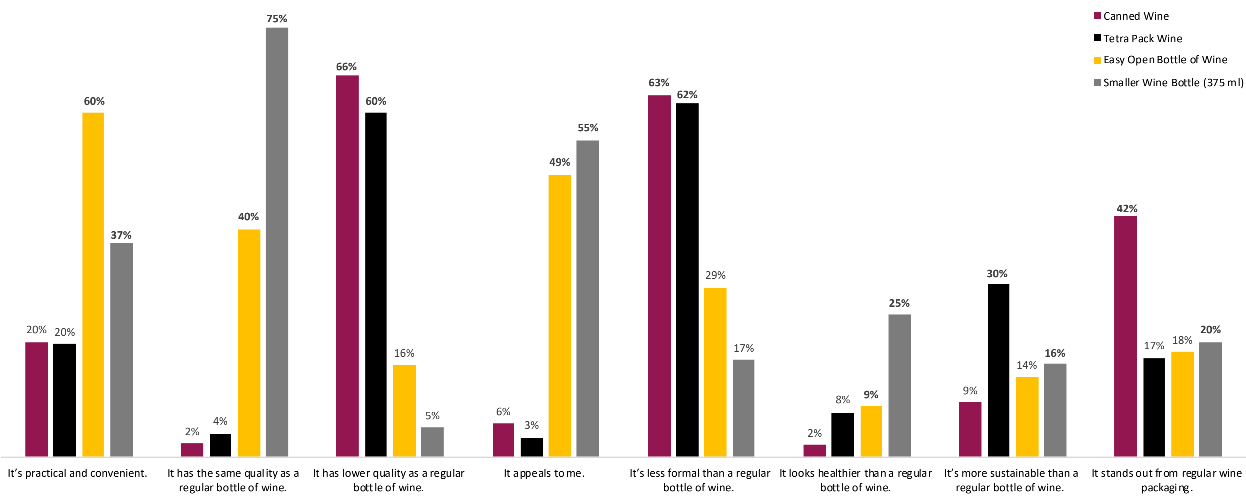


Exhibit 23 – Perceptual Map of Alcoholic Market

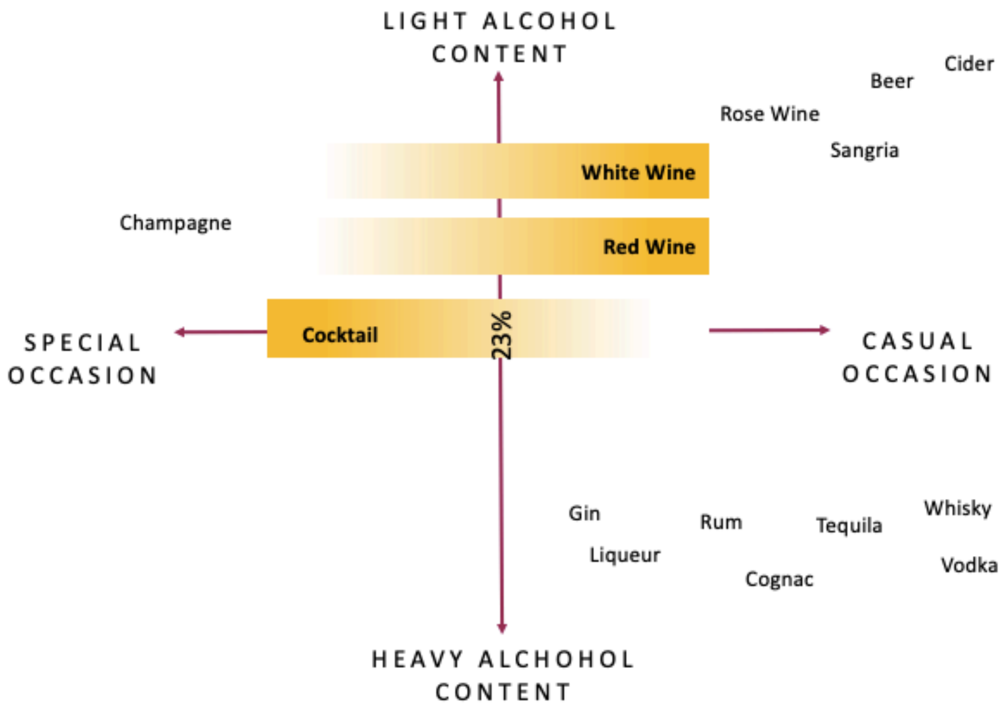


Exhibit 24 – Brand Architecture

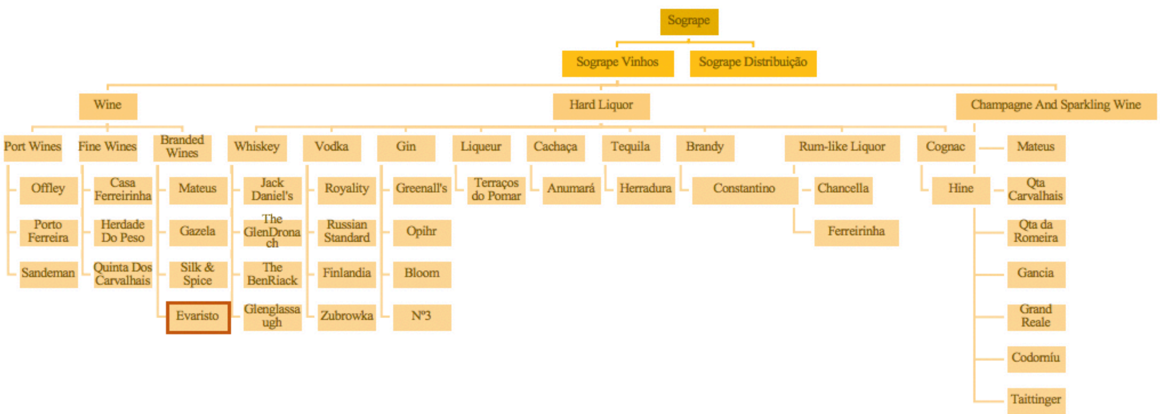


Exhibit 25 – Evaristo Brand Elements

Exhibit 26 – Branded Wine´s Current Product Line and Evaristo

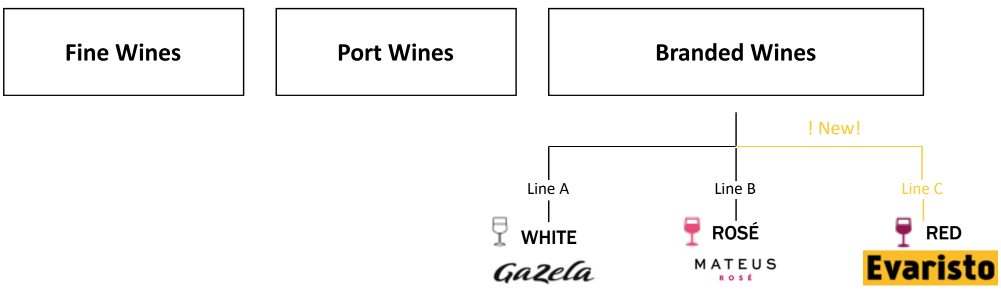


Exhibit 27 – Proposed Packaging Formats

Exhibit 28 – Easy-to-open Cork Demonstration

Exhibit 29 – Elements identifying the brand - Front-side of the packaging

Exhibit 30 – Descriptive information about the brand - Back-side of the packaging

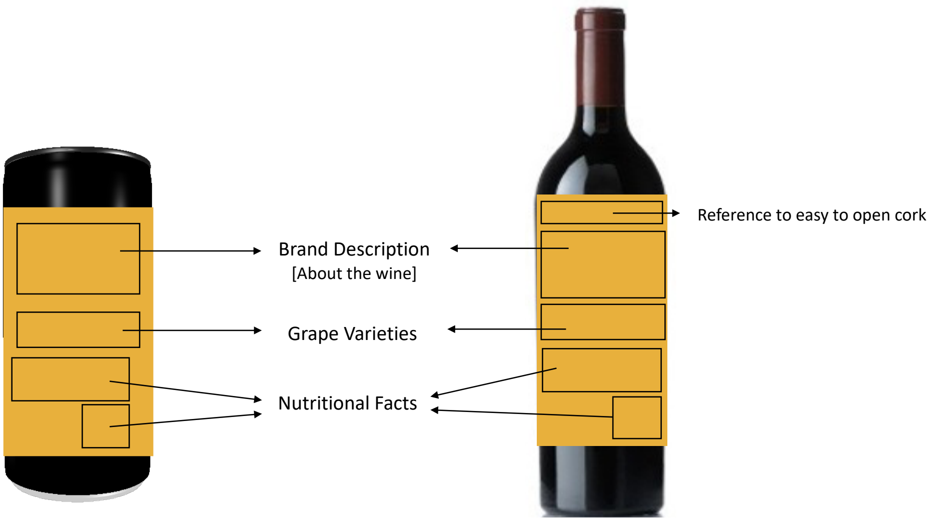


Exhibit 31 – Engaging content for the Canned Wine - Front-side of the packaging

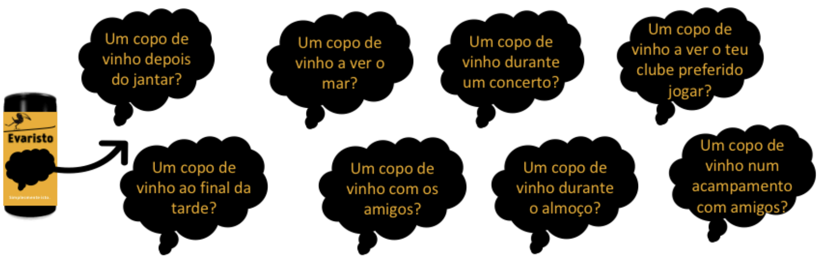


Exhibit 32 – Price of Evaristo by Packaging option and channel

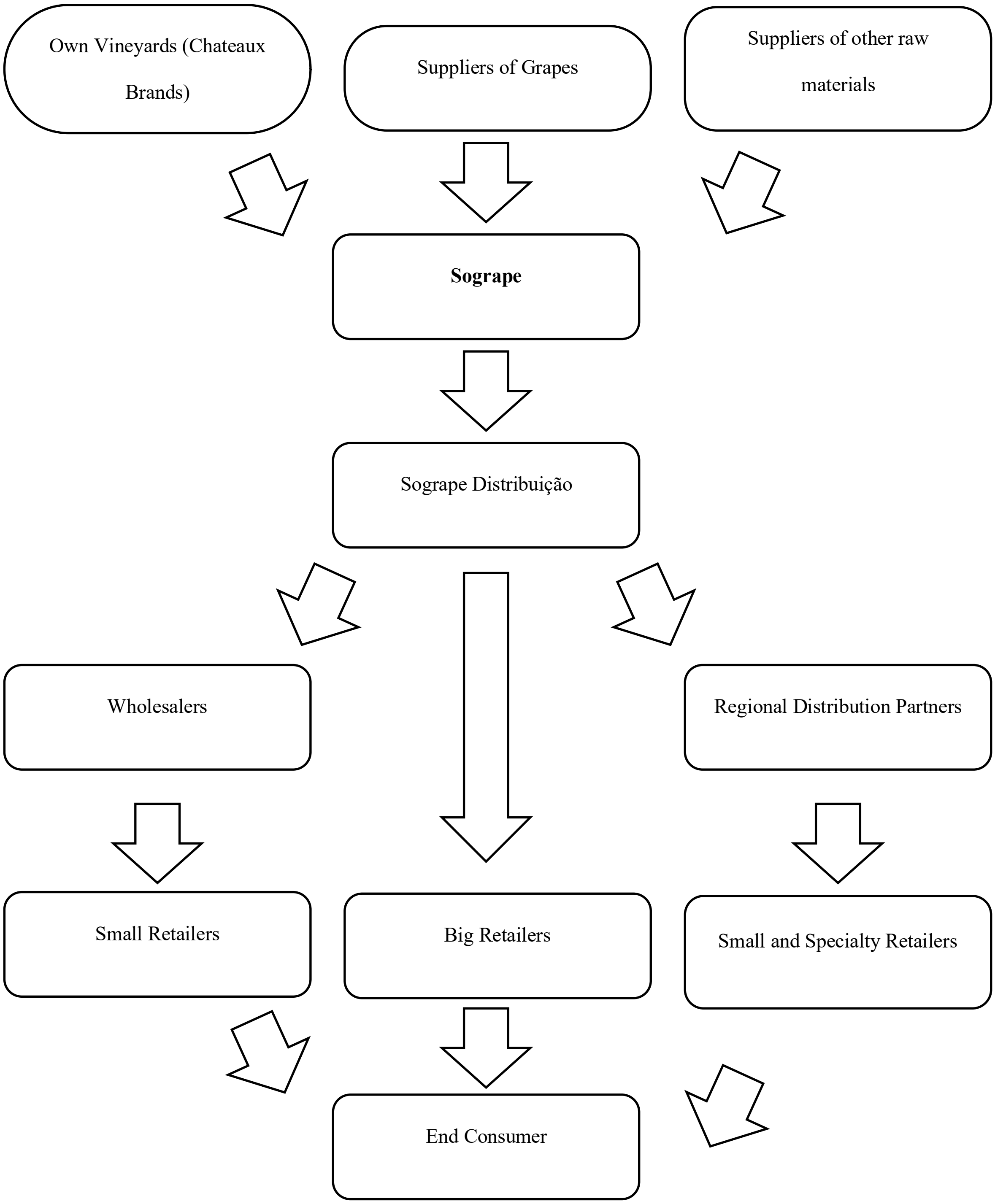
Regular Bottle (750ml)	Modern Trade			HoReCa
	Sonae	Pingo Doce	Others	
Final Consumer Price	4,24 €	4,24 €	4,24 €	14,83 €
VAT	13%	13%	13%	23%
Consumer Price without VAT	3,75 €	3,75 €	3,75 €	12,06 €
Retailer Margin	40%	35%	28%	65%
	Average 34%			
Sogrape Selling Price	2,25 €	2,44 €	2,72 €	4,22 €
	Average 2,47 €			
%Contribution Margin (without accounting for discounts)	45%	45%	45%	31%
Cogs	**1,58 €**	1,71 €	1,90 €	2,91 €
Margin	**1,01 €**	**1,10 €**	**1,22 €**	**1,31 €**
	Average 1,11 €			
[% Contribution Margin when product is under discount]	35%	35%	35%	26%

Small Bottle (375ml)	HoReCa
Final Consumer Price	8,91 €
VAT	23%
Consumer Price without VAT	7,25 €
Retailer Margin	65%
Sogrape Selling Price	2,54 €
%Contribution Margin (without accounting for discounts)	31%
Cogs	1,75 €
Margin	**0,79 €**
[% Contribution Margin when product is under discount]	26%

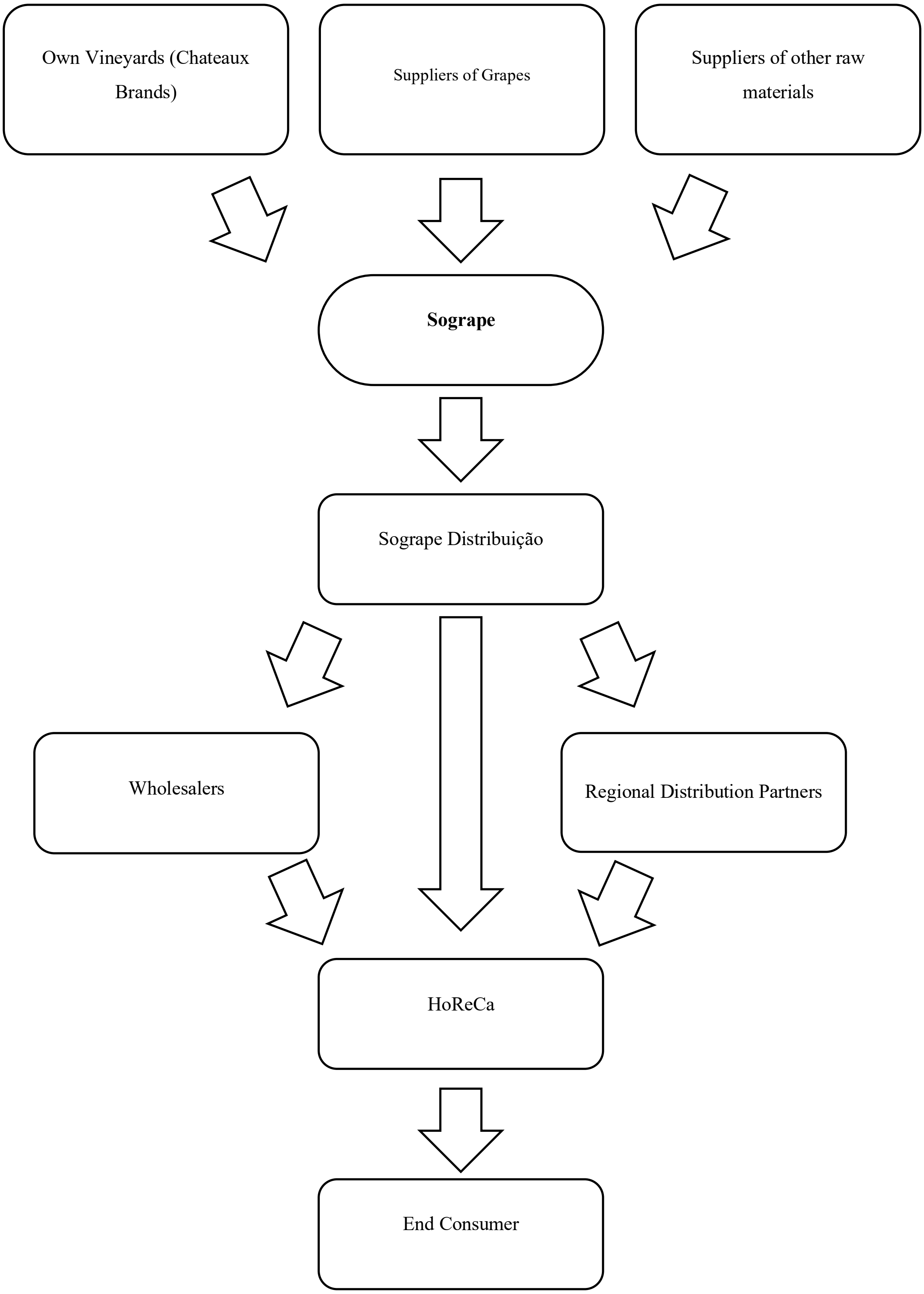
Canned Wine	Modern Trade		
	Sonae	Pingo Doce	Others
Final Consumer Price	2,31 €	2,31 €	2,31 €
VAT	13%	13%	13%
Consumer Price without VAT	2,05 €	2,05 €	2,05 €
Retailer Margin	40%	35%	28%
	Average 34%		
Sogrape Selling Price	1,23 €	1,33 €	1,48 €
	Average 1,35 €		
%Contribution Margin (without accounting for discounts)	45%	45%	45%
Cogs	**0,68 €**	0,73 €	0,82 €
Margin	**0,55 €**	**0,60 €**	**0,67 €**
	Average 0,61 €		
[% Contribution Margin when product is under discount]	35%	35%	35%

Exhibit 33 – Channel Structure

Retail Channel



HoReCa Channel



Online Channel

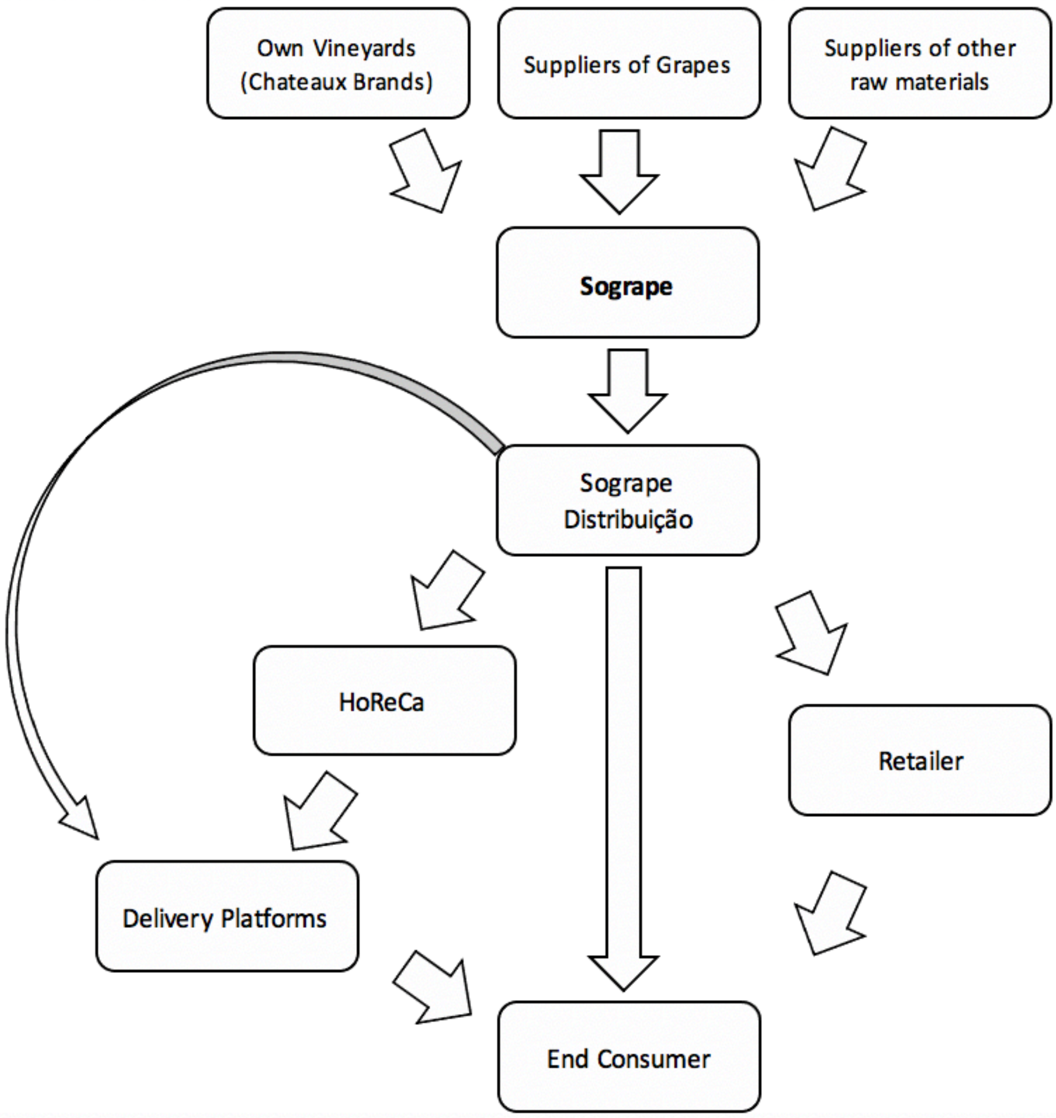


Exhibit 34 – Demand Side Gap Analysis

Off Site - Retail

Service Outputs	SOD*	SOS**	GAP	Can the Gap be closed?
Bulk-Breaking	Medium	Medium	None	-
Spatial Convenience	High	High	None	-
Delivery/waiting time	High	High	None	-
Assortment and Variety	Medium	Very High	Yes (SOD<SOS)	No
Customer Service	High	Low	Yes (SOD>SOS)	Yes
Information Availability	High	Low	Yes (SOD>SOS)	Yes

* SOD = Service Output Demanded

** SOS = Service Output Supplied

Off Site - Online

Service Outputs	SOD	SOS	GAP	Can the Gap be closed?
Bulk-Breaking	Medium	Medium	None	-
Spatial Convenience	High	High	None	-
Delivery/waiting time	High	Low	Yes (SOD>SOS)	Yes
Assortment and Variety	High	High	None	-
Customer Service	High	Low	Yes (SOD>SOS)	Yes
Information Availability	High	High	None	-

On Site

Service Outputs	SOD	SOS	GAP	Can the Gap be closed?
Bulk-Breaking	High	Medium	Yes (SOD>SOS)	Yes
Spatial Convenience	Medium	Medium Low	None	-
Delivery/waiting time	High	High	None	-
Assortment and Variety	Medium	Medium	None	-
Customer Service	High	High	None	-
Information Availability	High	High	None	-

When a service output demand is not met with an equal level of service output supplied, a gap arises.

Bulk-Breaking

On Site: customers prefer having higher bulk breaking in the on-site consumption occasions, as on many instances a full bottle of wine is not suitable, as it happens in weekday lunches, for example, and house wine by the glass or by the jar greatly limits the choice.

Off Site: customers are not as sensitive to bulk breaking in the off-site occasions, as storage becomes a possibility.

Spatial Convenience

On Site: spatial convenience is not very important, as the target is willing to travel to an outlet to meet with peers, becoming the product a secondary motive for the travel.

Off Site: for off-site consumption moments, spatial convenience becomes very important, as the main reason for the travel to the outlet is to acquire the product.

Delivery and Waiting Time

The delivery and waiting are negligible in both consumption locations for the end-user and are short within the distribution channel members, except on the online channels, where the delivery time service output supplied to the end-user is lower than the demanded by this one.

Assortment and Variety

The assortment and variety demanded by the target tends to be medium in both in off-site and on-site locations (excl. online) as with such a big variety of wines, too many alternatives difficult the choice. These leads to a gap of excess of service output supplied by the retailers.

On the online channels, the assortment and variety demanded tends to increase, as availability of information makes the choice easier, and thus no gap of excess of service output supplied arises.

Customer Service

The target tends to need guidance on the purchasing of the category.

On site: The customer service output demand is matched with the supplied, as the on-site staff tends to be trained and knowledgeable about the category and how to best serve the customer.

Off site: A gap of lack of customer service arises in both off-site consumption occasions. The retail staff is not trained nor knowledgeable in the full extent of the category and each product, leading to a deficient customer service. In the online platforms, customer service is slow when not non-existent.

Information Availability

In the retail outlets, there is a deficient provision of information when compared with the information provision demanded by the target, who finds the wine aisle confusing, overwhelming and needs more information on the products and subcategories available.

Exhibit 35 – Behavioral Sequence Model for Need to Purchase Evaristo

What (decision stages)	Need Arousal	Information Search	Choice and Purchase	Usage	Post- Use Evaluations
Who (roles)	Young Consumer (initiatior & decider) Friends/Family (initiator & influencer)	Young Consumer (initiatior & decider) Friends/Family/Waiter (Influencer)	Young Consumer (final purchaser & decider) Friends/Family/Waiter (indirect users & influencers)	Young Consumer (user) Friends/Family (initiator, influencer, & potential indirect user)	Young Consumer (initiatior, decider, & User)
Where the stages occur	Anywhere after the need arousal	Internet/online ads Promtional advertisments	In Stores HoReCa channels	Ideal "Social Occasions" (usage at anytime)	In Stores HoReCa channels
When (timing)	Anytime after the need arousal	Anytime	Anytime (after launch)	Anytime after purchase ("Social Occasions")	Anytime
How (decision process occurs)	Currently drinks alchol and is looking for wine but unsure of what red wine to purchase	Instore at POP WOM Online information search before going to store or with phone in store	Recognition of Evaristo in store or HoReCa Channel	At a social occasion, looking to drink red wine, and is in need of alcoholic beverage	The user recommends through WOM or Social Media to peers/others

Creative Brief of Evaristo

1. BSM (See Exhibit 32 above)
2. Target Market: 18-34 years old, Alcohol consumers who consider themselves non-red wine drinkers but are looking to enter the market. Later focus placed on those who do drink red wine (FBS)
3. Creative Target Audience: Younger consumers (of legal drinking age) struggling and searching for red wine but feel lost and unaware of where to begin their search for a red wine.
4. Media: Internet (Instagram and Google SEO) and OOH (Mupis throughout Portugal in select areas near purchase location).
5. Campaign Marketing and Action Objectives

   Marketing Objectives: launch a new red wine in a price sensitive and diverse red wine market in Portugal and penetrate the market. Accomplished with goal of 4% market share within modern trade.

   Action Objectives: Purchase actions - generate trail purchase of both the category and brand. Later generate repeat purchase of the brand. Post purchase actions include use and recommendations (WOM or online shares/mentions). All action objectives shall be run simultaneously.
6. Campaign Communication Objectives

   Category need: Wine Category NCU, Sell to category

   Brand Awareness: Brand Recognition

Brand Attitude: Create positive attitude

Brand Purchase Intention: Omit

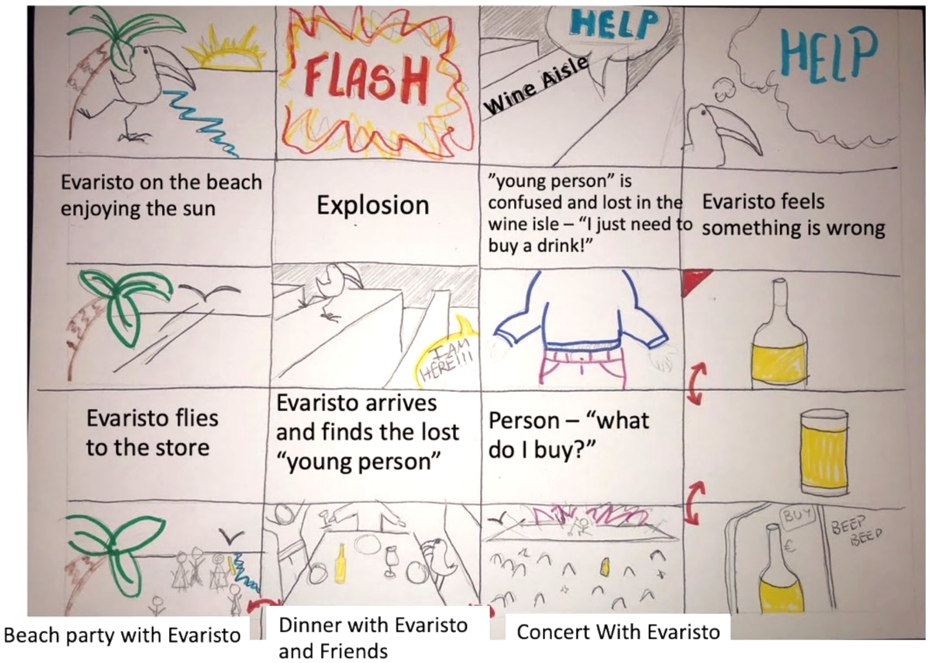
Brand Purchase facilitation: Include

7. Campaign Positing Statement - **For** all individuals, ages 18 – 34 years old, NCUs (and later potential FBSs) who are confused in selecting a wine and currently looking for a beverage in the wine category. **Evaristo** is a red wine (product as a hero) that **offers** an uncomplicated, unpretentious, and easy to drink wine that helps those looking to enter the wine category (problem removal). **Reason to believe** Evaristo, because Evaristo comes from and established wine company (Sogrape) with years of experience in the wine category (both in product and market knowledge), and Evaristo was specifically create in a specific wine region (Lisbon) to be "easier to drink". **Advertising should**: Highlight the negative emotions associated with complex and bewildering wine aisle, then followed by the key benefit. **A-B-E model**: Negative emotion to benefit to positive emotion (e- → b →e+).
8. Mandatory content
    a. Legal requirements
        i. Drink in moderation
        ii. Be responsible, drink with moderation
        iii. Sogrape logo
        iv. Evaristo Logo and specific brand identity (important for brand recognition)
        v. Omit Price
        vi. Online advertisements must have a "call to action" and specific online brand purchase facilitation notations

Exhibit 36 – Summary of Communication Objectives

Communication Objective	Result
Category Need	Wine Category NCU (Later FBS), Sell the category
Brand Awareness	Brand Recognition
Brand Attitude	To Create Positive Attitude
Brand Purchase Intention	Low Involvement – Omit/Assumed
Brand Purchase Facilitation	Included Brand Purchase Facilitation in initial communication objectives until product is distributed in all stores.

Exhibit 37 – Evaristo Story Board



The story begins on the left top box and reads from left to right and ends with the glass wine bottle (box 8). Within box 8 there will be a variety of different product items (wine bottle, canned Evaristo, or Ecommerce options). The following boxes (Boxes 9-11) will also vary (centered around casual user occasions of Evaristo). These boxes are all subject to change depending on the online A/B testing accomplished through Google.

Exhibit 38 – Rossiter-Percy Grid

	Informational (Negative Motivations)	**Transformational (Positive Motivations)**
Low Involvement (trial experience)	**Low risk, "relief" purchases**	Low Risk "reward" purchase - Low risk in purchasing (trial)
High Involvement (search and conviction required prior to purchase)	High risk "relief purchases	High risk "reward" purchases

The Rossiter-Percy Grid for the first year of launch will focus on the following motivations and involvement plan, bolded lettering and highlighted yellow box. As the brand begins to grow and expand, the focus is subject to change with the brand. The brand will eventually move towards a sensorial gratification (or more transformational/positive motivations for purchase), meaning that for the consumer the brand is a positive motivational purchase because the wine provides great taste for the consumer rather than a problem removal (meaning that the brand helps assist with a problem for the consumer like avoiding confusion in the wine aisle) – but this is subject to come at a later time in the products life, assuming at least 1 to 2 years later.

Exhibit 39 – Summary of Brand Tactics and Brand Recognition - Creative Idea

Brand Awareness tactics - Brand Recognition
1. Ensure sufficient exposure of the brand identifier 2. Category need should be mentioned 3. Initial burst of advertising
Brand Attitude Tactics – Low-involvement/information tactics
Emotional Portrayal of the motivation 1. Use a simple problem solution 2. Not necessary for people to like the ad *Benefit claim support for perceived brand delivery* 1. Include only one or two benefits or single group of benefits 2. Benefit claim should be stated EXTRMELY 3. Benefits are easily learned in one or two exposures

Exhibit 40 – Trade and Consumer Promotions by Distribution Channel

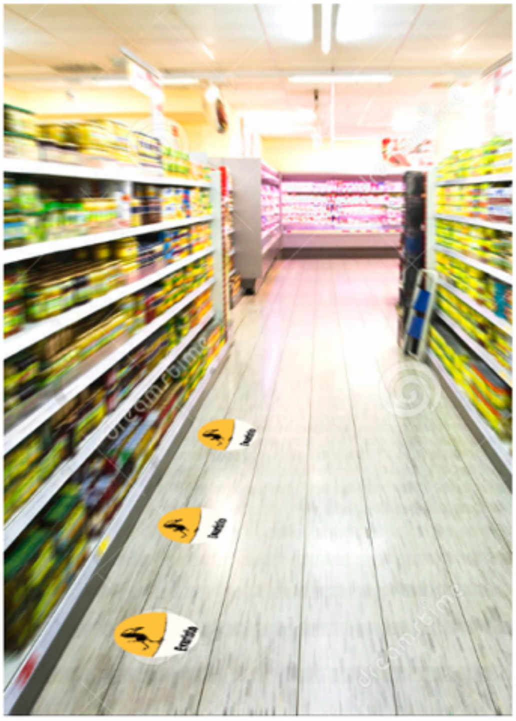
Trade Promotions	Consumer Promotions
New Line Fees (Off-trade) Price-offs (Off-trade And On-trade) Display Material Promotion (Off-trade) Trade Incentives (On-trade)	Sampling Direct Price-offs (Off-trade) Coupons (E-commerce)

Exhibit 41 – On-Trade Incentives and Branded Material

Coasters

Wine Coolers

Exhibit 42 – Off-Trade Display Material for the Wine Aisle



Floor Stickers

Shelf Talkers

Shelf Talkers

Neck Hangers for Bottles

Exhibit 43 – Off-Trade Display Material for Secondary Placement

Floor Displays

Shelf Talkers

Shopping and Basket Cart Stickers

Exhibit 44 – Sampling Materials

Exhibit 45 – Reusable Plastic Cups for Events

Exhibit 46 – MockUps for Facebook, Instagram and OOH

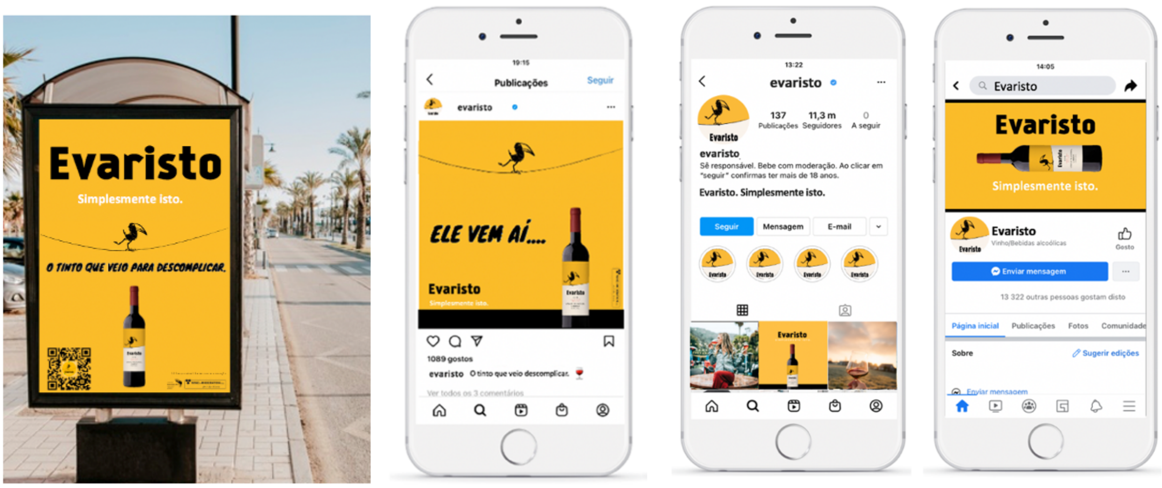


Exhibit 47 – Campaign Budget (Advertising and Promotions)

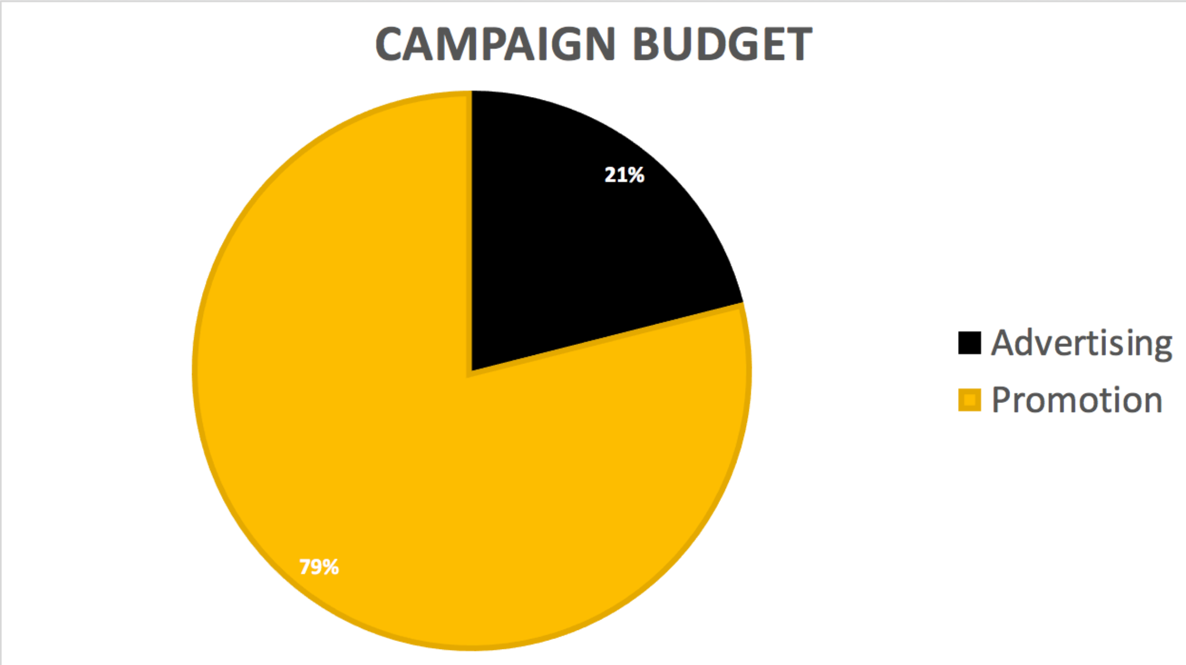


Exhibit 48 – Campaign Budget for 2021 and 2022

Total Campaign Budget for 2021	2021			2022		
Content Creation and Social Media Management	€	20 000,00	8%	€	20 000,00	10%
Advertising						
Instagram	€	30 000,00	11%	€	30 000,00	16%
Facebook	€	5 000,00	2%	€	5 000,00	3%
OOH	€	-	0%	€	7 500,00	4%
Total Advertisement	€	55 000,00	21%	€	62 500,00	32%
Promotions						
New Line Fees	€	70 000,00	27%	€	-	0%
Trade Price-offs	€	21 955,85	8%	€	-	0%
Consumer Price Offs	€	49 798,80	19%	€	99 983,80	52%
Online Coupons	€	1 539,00	1%	€	-	0%
Display Materials (e.g. Retailers POP Communications)	€	30 000,00	11%	€	-	0%
Trade Incentives (e.g. Coasters and Wine Coolers for Hore	€	23 053,90	9%	€	23 053,90	12%
Sampling	€	3 907,50	1%	€	2 199,50	1%
Events	€	5 000,00	2%	€	5 000,00	3%
Micro Influencers	€	1 010,00	0%	€	-	0%
Total Promotions	€	206 265,05	79%	€	130 237,20	68%
Total Investement	€	261 265,05	100%	€	192 737,20	100%

*Assuming that the marketing objective (4% market share) is achieved.

Exhibit 49 – Campaign Budget Detailed

Trade Discounts, Consumer Discounts and Trade Promotions

Discounts	
Total New Line Fees **(Modern Channel)** Assuming 40000€ for Sonae, 20000€ for Pingo Doce and 10000€ for others (Argomaniz, Ricardo 2020 Interview)	€70 000
Value for **Price-Offs** to the **modern channel (Off-Invoice)** To be applied in the first year sales only	5%
Value for **Price-Offs** to the **HoReCa Channel (Off-Invoice)** To be applied in the first year sales only	5%
Value for **Price-Offs** to **Consumers** A 25% price-off is applied to the Final Consumer Price (excluding VAT) when the product is in promotion (Argomaniz, Ricardo 2020 Interview)	25%
Value for **Coupons** to **Consumers (Online)** To be applied only on the first online purchase to the end consumer.	10%
% of sales in volume on promotion Assuming 60% of sales in volume will result from promotion (Argomaniz, Ricardo Interview 2020).	60%

Display Materials	
# stores for retail stores top 3 retailers (Sonae, Pingo Doce, Auchan)	775
Display Materials Production Costs (e.g. Criativity, Design, Production, Materials) Assumed costs based on ByCom Agency information. These will be negotiated either centrally (in annual negotiations with retailers) or in-store. Assumed that materials will be reused troughout cycles.	€30 000
Total Costs	**€30 000**

Trade Incentives	
# On-Trade Establishments in 2019 (Source: Passport 2020)	87026
# Number of establishements that will sell Evaristo Assuming 10% attract mostly young adults and will have a 50% penetration	4351
Number of Coasters per establishment	15
Price per Coaster	€0,20
Total Costs Coasters	€13 053,90
Reward for most Evaristo Sales (Weekend Trip at one of Sogrape's Vineyards) Assumed no costs for Sogrape	€0,00
Considering 1 wine cooler with a cost of 100€ for each Assuming it will serve as incentive for the 100 most relevant Horeca partners (seen as strategic selling points for Evaristo)	€10 000
Total Costs	**€23 054**

Sampling

In Universities	
Number of Weeks	8
Number of days a week	3
Number of Universities visited	24
Number of Hours per sampling Assumed between 14h and 19h	5
Total Promoters Costs **Assumed that cost per promoter is 10€/hour and that 2 promoters are necessary per sampling**	**€2 400,00**
Expected Number of Sampling per day in 40 ml cups	300
Expected Number of Sampling in 40 ml cups	7200
Evaristo Bottle (ml)	750
How many people can one bottle serve	19
Number of Total Bottles	384
Total Bottles Cost **Assumed a cost per bottle of 1€**	**€384**
Other Costs - Materials (Plastic Cups, T-shirts, Sampling "stand") **Assumed costs based on secondary research**	**€1 895**
Total Costs	**€4 679**

University Sampling Breakdown per Cycle

1st Cycle (2021) - 4 Weeks	
Promoters Costs	€1 200,00
Bottles Cost	€192
Other Costs	1087,5
Total Costs	**€2 479,50**

2nd Cycle (2022) - 4 Weeks	
Promoters Costs	€1 200,00
Bottles Cost	€192
Other Costs Assuming that Sampling "Stand" is reused from the previous year	€807,50
Total Costs	**€2 199,50**

In Supermarket & Hypermarkets	
Number of Sampling per day in 40ml Cups	200
Number of ml	8000
Number of Total Bottles per day	11
Number of Days Assumed 6 weekends between 14h and 19h	12
Total Expected Number of Sampling in 40 ml cups	2400
Promoters Costs **Assumed that cost per promoter is 10€/hour and that 1 promoter is necessary per sampling**	**€600**
Bottles Cost **Assumed a cost per bottle of 1€**	**€128**
Other Costs - Materials (Plastic Cups, T-shirts, Sampling "stand") **Assumed costs based on secondary research**	**€700**
Total Costs	**€1 428,00**

University Events & Festivals	
Reusable Plastic Cups	2000
Cost of Reusable Plastic Cups	500 €
Presence in University Events Assuming 6 events in total and around 300€ costs on materials and logistics for each	**€3 000**
Presence in Rock in Rio As Sogrape will be present as a main sponsor, showcasing all brands, costs regarding Rock in Rio will be allocated to the company and not the brand (Argomaniz, Ricardo Interview 2020)	**€0**
Presence in Other Events (e.g. Trendy Events and Sunsets) Assuming one time fee, costs and logistics	**€2 000**
Total Costs	**€5 000,00**

Micro Influencers	
# of Micro Influencers	10
Number of Bottles	10
Cost of Evaristo Bottles	**10 €**
Price per Influencer **Assumed 50€ per each post and each story (Source : Notícias Ao Minuto, 2018)**	**€1 000,00**
Total Costs	**€1 010,00**

Exhibit 50 – Campaign Schedule

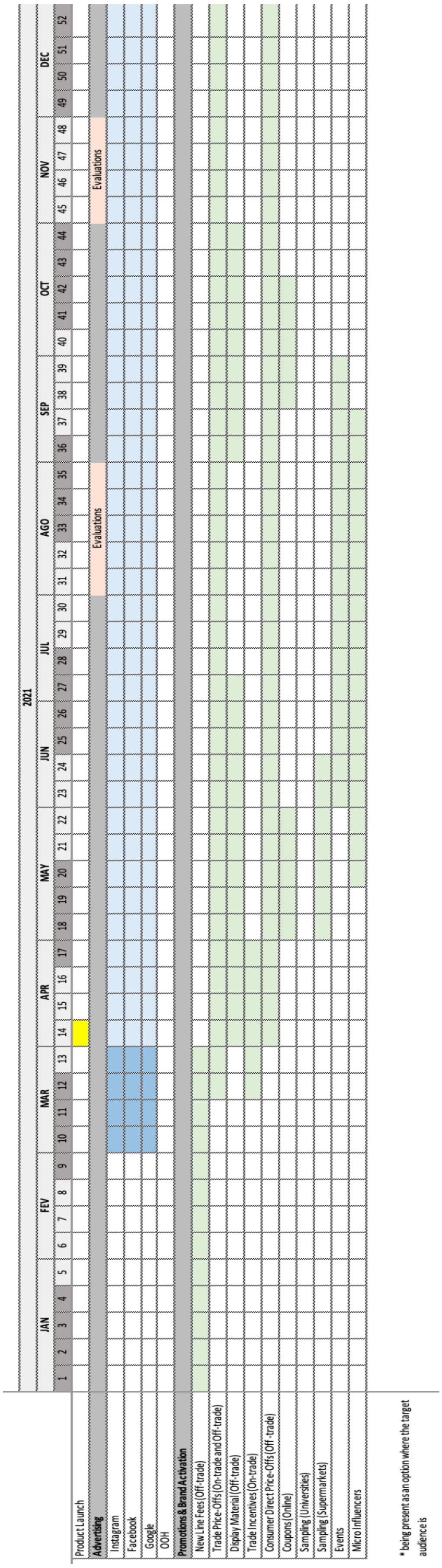


Exhibit 51 – Profit & Loss

Year	1				2				3			
	2021				2022				2023			
	HORECA	Modern	Online	Total	HORECA	Modern	Online	Total	HORECA	Modern	Online	Total
Total Sales Revenue (€)	**€216 816,92**	**€222 300,00**	**€17 100,00**	**€456 216,92**	**€227 657,77**	**€446 397,94**	**€18 297,00**	**€692 352,71**	**€239 040,66**	**€587 479,14**	**€20 126,70**	**€846 646,50**
Regular Bottle												
Price per unit	€ 4,22	€ 2,47	€ 2,47	€ -	€ 4,22	€ 2,47	€ 2,47	€ -	€ 4,22	€ 2,47	€ 2,47	€ -
Units Sold	48462	90000	6923	138462	50885	171362	7408	229654	53429	223122	8148	284699
Sales Revenue	€ 204 507,69	€ 222 300,00	€ 17 100,00	€ 443 907,69	€ 214 733,08	€ 423 264,08	€ 18 297,00	€ 656 294,15	€ 225 469,73	€ 551 110,32	€ 20 126,70	€ 796 706,75
Small Bottle												
Price per unit	€ 2,54	€ -	€ -	€ 2,54	€ 2,54	€ -	€ -	€ 2,54	€ 2,54	€ -	€ -	€ 2,54
Units Sold	4846	0	0	4846	5088	0	0	5088	5343	0	0	5343
Sales Revenue	€ 12 309,23	€ -	€ -	€ 12 309,23	€ 12 924,69	€ -	€ -	€ 12 924,69	€ 13 570,93	€ -	€ -	€ 13 570,93
Canned Wine												
Price per unit	€ -	€ -	€ -	€ -	€ -	€ 1,35	€ -	€ 1,35	€ -	€ 1,63	€ -	€ 1,63
Units Sold	0	0	0	0	0	17136	0	17136	0	22312	0	22312
Sales Revenue	€ -	€ -	€ -	€ -	€ -	€ 23 133,87	€ -	€ 23 133,87	€ -	€ 36 368,82	€ -	€ 36 368,82
Trade Discounts	€ 10 840,85	€ 11 115,00	€ -	€ 21 955,85	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Consumer Discounts	€ -	€ 49 798,80	€ 1 539,00	€ 51 337,80	€ -	€ 99 983,80	€ -	€ 99 983,80	€ -	€ 130 183,75	€ -	€ 130 183,75
Net Sales Revenue	**€205 976,08**	**€161 386,20**	**€ 15 561,00**	**€382 923,28**	**€ 227 657,77**	**€ 346 414,14**	**€ 18 297,00**	**€592 368,91**	**€ 239 040,66**	**€ 457 295,39**	**€ 20 126,70**	**€716 462,75**
COGS	€ 85 050,00	€ 142 200,00	€ 10 938,46	€ 238 188,46	€ 81 487,21	€ 256 085,29	€ 10 566,42	€ 348 138,92	€ 80 608,33	€ 312 750,48	€ 10 867,64	€ 404 226,44
Regular Bottle	€ 76 569,23	€ 142 200,00	€ 10 938,46	€ 229 707,69	€ 72 582,40	€ 244 432,68	€ 10 566,42	€ 327 581,50	€ 71 258,28	€ 297 578,21	€ 10 867,64	€ 379 704,13
Small Bottle	€ 8 480,77	€ -	€ -	€ 8 480,77	€ 8 904,81	€ -	€ -	€ 8 904,81	€ 9 350,05	€ -	€ -	€ 9 350,05
Canned Wine	€ -	€ -	€ -	€ -	€ -	€ 11 652,61	€ -	€ 11 652,61	€ -	€ 15 172,27	€ -	€ 15 172,27
Gross Profit	**€ 120 926,08**	**€ 19 186,20**	**€ 4 622,54**	**€ 144 734,82**	**€ 146 170,56**	**€ 90 328,85**	**€ 7 730,58**	**€244 229,99**	**€ 158 432,33**	**€ 144 544,91**	**€ 9 259,06**	**€ 312 236,30**
Gross Margin %	59%	12%	30%	38%	64%	26%	42%	41%	66%	32%	46%	44%
Advertising	€ -	€ -	€ -	€ 52 500,00	€ -	€ -	€ -	€ 47 500,00	€ -	€ -	€ -	€ 33 250,00
New Line Fee		€ 70 000,00	€ -	€ 70 000,00	€ -		€ -	€ -	€ -		€ -	€ -
Trade Promotion	€ 23 053,90	€ 30 000,00	€ -	€ 53 053,90	€ 23 053,90	€ -	€ -	€ 23 053,90	€ 18 443,12	€ -	€ -	€ 18 443,12
Brand Activation Costs	€ -	€ -	€ -	€ 9 917,50	€ -	€ -	€ -	€ 5 000,00	€ -	€ -	€ -	€ 5 000,00
Total Marketing Costs	**€ -**	**€ -**	**€ -**	**€ 185 471,40**	**€ -**	**€ -**	**€ -**	**€ 75 553,90**	**€ -**	**€ -**	**€ -**	**€ 56 693,12**
EBITDA	**€ -**	**€ -**	**€ -**	**-€ 40 736,58**	**€ -**	**€ -**	**€ -**	**€ 168 676,09**				**€ 255 543,18**
Depreciation	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
EBIT	**€ -**	**€ -**	**€ -**	**-€ 40 736,58**	**€ -**	**€ -**	**€ -**	**€ 168 676,09**	**€ -**	**€ -**	**€ -**	**€ 255 543,18**
Accumulated Losses	€ -	€ -	€ -	-€ 40 736,58	€ -	€ -	€ -	€ 168 676,09	€ -	€ -	€ -	€ 255 543,18
Corporate Tax (28%)	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ 47 229,31	€ -	€ -	€ -	€ 71 552,09
NOPLAT (Profit After Taxes)	**€ -**	**€ -**	**€ -**	**-€ 40 736,58**	**€ -**	**€ -**	**€ -**	**€ 121 446,79**	**€ -**	**€ -**	**€ -**	**€ 183 991,09**
Depreciation	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Operating CF	**€ -**	**€ -**	**€ -**	**-€ 40 736,58**	**€ -**	**€ -**	**€ -**	**€ 121 446,79**	**€ -**	**€ -**	**€ -**	**€ 183 991,09**
Net Income (FCF)	€ -	€ -	€ -	-€ 40 736,58	€ -	€ -	€ -	€ 121 446,79	€ -	€ -	€ -	€ 183 991,09
Discounted CF				-€ 38 741,40				€ 109 841,76				€ 158 259,20

Year	4				5				6			
	2024				2025				2026			
	HORECA	Modern	Online	Total	HORECA	Modern	Online	Total	HORECA	Modern	Online	Total
Total Sales Revenue (€)	**€250 992,69**	**€646 227,05**	**€23 145,71**	**€920 365,45**	**€276 091,96**	**€710 849,76**	**€26 617,56**	**€1 013 559,28**	**€303 701,16**	**€781 934,73**	**€30 610,19**	**€1 116 246,08**
Regular Bottle												
Price per unit	€ 4,22	€ 2,47	€ 2,47	€ -	€ 4,22	€ 2,47	€ 2,47	€ -	€ 4,22	€ 2,47	€ 2,47	€ -
Units Sold	56100	245434	9371	310905	61710	269977	10776	342464	67881	296975	12393	377249
Sales Revenue	€ 236 743,22	€ 606 221,35	€ 23 145,71	€ 866 110,27	€ 260 417,54	€ 666 843,49	€ 26 617,56	€ 953 878,59	€ 286 459,29	€ 733 527,84	€ 30 610,19	€ 1 050 597,32
Small Bottle												
Price per unit	€ 2,54	€ -	€ -	€ 2,54	€ 2,54	€ -	€ -	€ 2,54	€ 2,54	€ -	€ -	€ 2,54
Units Sold	5610	0	0	5610	6171	0	0	6171	6788	0	0	6788
Sales Revenue	€ 14 249,47	€ -	€ -	€ 14 249,47	€ 15 674,42	€ -	€ -	€ 15 674,42	€ 17 241,86	€ -	€ -	€ 17 241,86
Canned Wine												
Price per unit	€ -	€ 1,63	€ -	€ 1,63	€ -	€ 1,63	€ -	€ 1,63	€ -	€ 1,63	€ -	€ 1,63
Units Sold	0	24543	0	24543	0	26998	0	26998	0	29697	0	29697
Sales Revenue	€ -	€ 40 005,70	€ -	€ 40 005,70	€ -	€ 44 006,27	€ -	€ 44 006,27	€ -	€ 48 406,90	€ -	€ 48 406,90
Trade Discounts	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Consumer Discounts	€ -	€ 143 202,12	€ -	€ 143 202,12	€ -	€ 157 522,34	€ -	€ 157 522,34	€ -	€ 173 274,57	€ -	€ 173 274,57
Net Sales Revenue	**€ 250 992,69**	**€ 503 024,93**	**€ 23 145,71**	**€777 163,32**	**€ 276 091,96**	**€ 553 327,42**	**€ 26 617,56**	**€856 036,94**	**€ 303 701,16**	**€ 608 660,16**	**€ 30 610,19**	**€942 971,51**
COGS	€ 82 162,68	€ 333 192,96	€ 12 084,19	€ 427 439,83	€ 90 378,95	€ 366 512,25	€ 13 896,82	€ 470 788,02	€ 99 416,84	€ 403 163,48	€ 15 981,35	€ 518 561,66
Regular Bottle	€ 72 345,13	€ 316 503,46	€ 12 084,19	€ 400 932,78	€ 79 579,64	€ 348 153,81	€ 13 896,82	€ 441 630,27	€ 87 537,60	€ 382 969,19	€ 15 981,35	€ 486 488,14
Small Bottle	€ 9 817,55	€ -	€ -	€ 9 817,55	€ 10 799,31	€ -	€ -	€ 10 799,31	€ 11 879,24	€ -	€ -	€ 11 879,24
Canned Wine	€ -	€ 16 689,49	€ -	€ 16 689,49	€ -	€ 18 358,44	€ -	€ 18 358,44	€ -	€ 20 194,29	€ -	€ 20 194,29
Gross Profit	**€ 168 830,01**	**€ 169 831,97**	**€ 11 061,51**	**€ 349 723,50**	**€ 185 713,01**	**€ 186 815,17**	**€ 12 720,74**	**€385 248,92**	**€ 204 284,32**	**€ 205 496,69**	**€ 14 628,85**	**€ 424 409,85**
Gross Margin %	67%	34%	48%	45%	67%	34%	48%	45%	67%	34%	48%	45%
Advertising	€ -	€ -	€ -	€ 23 750,00	€ -	€ -	€ -	€ 23 750,00	€ -	€ -	€ -	€ 23 750,00
New Line Fee	€ -		€ -	€ -	€ -		€ -	€ -	€ -		€ -	€ -
Trade Promotion	€ 18 443,12	€ -	€ -	€ 18 443,12	€ 18 443,12	€ -	€ -	€ 18 443,12	€ 18 443,12	€ -	€ -	€ 18 443,12
Brand Activation Costs	€ -	€ -	€ -	€ 5 000,00	€ -	€ -	€ -	€ 5 000,00	€ -	€ -	€ -	€ 5 000,00
Total Marketing Costs	**€ -**	**€ -**	**€ -**	**€ 47 193,12**	**€ -**	**€ -**	**€ -**	**€ 47 193,12**	**€ -**	**€ -**	**€ -**	**€ 47 193,12**
EBITDA				**€ 302 530,38**				**€ 338 055,80**				**€ 377 216,73**
Depreciation	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
EBIT	**€ -**	**€ -**	**€ -**	**€ 302 530,38**	**€ -**	**€ -**	**€ -**	**€ 338 055,80**	**€ -**	**€ -**	**€ -**	**€ 377 216,73**
Accumulated Losses	€ -	€ -	€ -	€ 302 530,38	€ -	€ -	€ -	€ 338 055,80	€ -	€ -	€ -	€ 377 216,73
Corporate Tax (28%)	€ -	€ -	€ -	€ 84 708,51	€ -	€ -	€ -	€ 94 655,62	€ -	€ -	€ -	€ 105 620,68
NOPLAT (Profit After Taxes)	**€ -**	**€ -**	**€ -**	**€ 217 821,87**	**€ -**	**€ -**	**€ -**	**€ 243 400,18**	**€ -**	**€ -**	**€ -**	**€ 271 596,05**
Depreciation	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Operating CF	**€ -**	**€ -**	**€ -**	**€ 217 821,87**	**€ -**	**€ -**	**€ -**	**€ 243 400,18**	**€ -**	**€ -**	**€ -**	**€ 271 596,05**
Net Income (FCF)	€ -	€ -	€ -	€ 217 821,87	€ -	€ -	€ -	€ 243 400,18	€ -	€ -	€ -	€ 271 596,05
Discounted CF				€ 178 182,22				€ 189 354,01				€ 264 861,48

Exhibit 52 – Scenario Analysis

Scenario Summary			
	Pessimistic	Expected	Optimistic
Growth rate	20%	57%	70%
NPV	€ 731 225,71	€ 861 514,92	€ 907 261,42

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

"SOGRAPE: HOW TO SUCCESSFULLY LAUNCH A RED WINE BRAND IN A CATEGORY LED BY PRICE AND NO OTHER BRANDS"

POSITIONING AND BRANDING STRATEGY FOR *EVARISTO*

Weiping Cai | 40784

Work project carried out under the supervision of:

Professor Jorge Velosa

and the assistance of Nina Sodagar

04-01-2021

Abstract

This work aims to provide the theoretical background and supplemental analysis for Evaristo's positioning and branding strategy. In the first stage, a positioning statement for Evaristo is formulated, following the segmentation-targeting-positioning (STP) process. Aside from analysing the existing brand architecture, a further discussion is provided about how the brand Evaristo liaises and differentiates its positioning from Sogrape. In the second stage, a detailed branding strategy is explained for both Evaristo and Sogrape's points of view.

1. Positioning

Positioning is defined as one of the foundations when planning a marketing strategy by marketers and scholars. There is a broad consensus for the definition and the components. Positioning shows how to locate the brand properly in customers' minds (Keller 2013, 79). It indicates "how you want a customer to think about your product/ service/ brand relative to competitors." (University of Virginia 2018, 1). It helps consumers sort out a category brands' similarities and distinguish a brands' Point-of-differences. Consequently, at the moment of purchase, they can recall the brand and its advanced benefit (Avery and Gupta 2015, 4). Guided by the prior positioning concept, a strong positioning statement should include a target, a frame of reference, a point of difference, and a reason to believe (Tybout &Calkins 2019, 4).

To make a tactical decision for the positioning statement components, identifying and defining the competing category market is the first step (Percy & Elliott 2016, 146). After understanding the whole category market, the segmenting- targeting- positioning (STP) process should be performed on the brand (Gupta 2019, 4). There are several significant variables that should be observed and applied to segment the market. Then to evaluate the attractiveness of each segment, the company decides the targeting groups. Finally, the positioning will be completed according to the characteristics and patterns of the selected segment. Additionally, since Evaristo is a sub-brand of Sogrape, the existing Brand Architecture should be taken into account when structuring brand positioning. It is expected to align with the parent company's value and positioning. The STP process is further justified with reasoning and recommendations in the stages below.

1.1 Segmentation

There are several approaches to identify and analyse the product market such as; the traditional way (which divides the market by product characteristics), description of the market by channels of distribution; analysis by cross-elasticities between products; or perceived similarity and hierarchical market definitions (Percy & Elliott 2016, 147-151). Due to the product attribute and limitation of information, a blended method is used (blended meaning the traditional way and last two methods mentioned). To choose the most efficient variables, three questions should be kept in mind: "Who are the customers? What is customer purchase behaviour? Why do they make the decisions?" (Gupta 2019, 10).

Primarily, one should review the beverage market, based on the primary research, secondary research, plus it’s general characteristics. These general characteristics refer to; the product, end benefit, usage situation and the brand name (Percy & Elliott, 2016). Variables that assist in the market segmentation include demographics (Who), Usage Occasion (What) and Alcohol by Volume (ABV) (Why). The initial observation is the gap between 18-to-34-years-old consumers and red wine consumption. Second, directed by the “What” and “Why” previously mentioned, a Hierarchical Partitioning of the beverage market is built (Appendix 1). It demonstrates the stiff competition in the market since there is many alternatives and it helps to understand if the primary direct competing market is an affordable-priced Lisbon wine. Then perceptual mapping is conducted to understand better the customers' perceived similarity of category competitors and competing brands (Appendix2, Appendix3). Finally, four personas are clustered from the previous information gathered: the Mingler, the Party Animal, the Festive Drinker and the Polite drinker **(**Martins *et al*. 2021, 35-37).

1.2 Targeting

Having the analysis of market and segment profiles, the company has to select the most profitable segments, demonstrating the firm's possibility to have maximum long-term profitability.

First of all, “it is essential to understand where the level of segmentation is located in the marketplace, which ranges from mass customisation to mass production” (Gupta 2019, 18). Since the red wine market is highly fragmented, it is not reasonable to adopt a mass-production approach, which provides an undifferentiated product for everyone. Meanwhile, considering the main competing market is the affordable-price Lisbon wine, it is therefore not suitable for the firm to use mass-customisation approach, which requires higher price. Evaristo's segmentation level should locate between these two boundaries while being slightly more bias towards the mass-customisations side. The location shows Evaristo is a brand that targets a group of people by customising the product to meet their needs.

Secondly, to identify the most beneficial target group, three factors should be analysed: the features of segments, the company's capabilities and supplies, and the rivalry within every segment (Gupta 2019, 20). The first item, segment characteristics, means the size, growth rate, and profitability of the group. The second item talks about competitors' strengths and resources, and competitive intensity. The final item indicates that the targeting selection should align to the company's objectives, competencies, and resources (Gupta 2019, 20). With these theories in mind, the Mingler is a selected for targeted Evaristo.

However, it is worthy to discuss the challenges for the selected segment and for the product itself. For the selected segment, the most severe threat is the competition from alternatives in the light alcohol content market, such as beer, cider, and sangria. These options have more advantages regarding lower price and perceived imagine - being the leading choice for the target; they are considered "cooler" (Martins *et al.* 2021, 22). For Evaristo, within the Lisbon red wine category, Mula Velha is the market leader (Martins *et al.* 2021, 5-6). It delivers an image of being traditional Lisbon red wine that is produced naturally (Parraswines, 2017). To meet these challenges Evaristo must differentiate itself from the alternative drinks and direct competitors.

1.3 Positioning Statement

A brands positioning statement is the guideline for all customer-facing decisions. It consists of a target, a frame of reference, a point of difference and a reason to believe (Tybout &Calkins 2019, 4). By analyzing the four dimensions, the following positioning statement for the targeting group is formulated.

Evaristo's target describes the demographic (age from 18 to 34) and behavioral characteristics (consuming alcohol). Although there are only two characteristics used to position the brand, these two characteristics mentioned are sufficient in detail to meet the following goals of estimating the targeting size and subsequent marketing strategies (e.g., pricing, distribution and communication plan strategies) (Tybout &Calkins 2019, 4).

The frame of reference tells the purpose of using the brand. It usually specifies the category in which it belongs. In Evaristo's case, the brand is expected to uncomplicate the red wine (the category) selection for casual social occasions (goal of usage).

A point of difference is the benefit the brand delivers on, which represents the value it provides to consumers. This can be further exhibited in the following theoretical equation: $\boldsymbol{value} = \frac{[\boldsymbol{benefits}(\boldsymbol{Physical} \pm \boldsymbol{Emotinal})]}{[\boldsymbol{Costs}(\boldsymbol{Monetary} + \boldsymbol{Time})]}$ (Tybout &Calkins 2019, 9). Evaristo is able to enlarge its numerator with it's easy-to-drink taste (Physical) and uncomplicating red wine category (Emotional). Meanwhile, the denominator is diminished due to decreased decision time. Since Evaristo is an unpretentious and easy-to-drink wine that simplifies selection, people are able to make quicker decisions and therefore lower their decision time (Time).

Finally, a reason to believe aims to enhance the point of difference by increasing the claim's credence. There are two common ways to present a reason to believe, either by focusing on an attribute or the image, which refers to the usage occasions (Tybout &Calkins 2019, 7). The current statement concentrates on the taste and quality because they are main decisive factors (Martins *et al*. 2021, 30-32). As for image, it is taken into consideration when planning the branding strategy.

In conclusion, the positioning statement for Evaristo is: For 18-to-34-year-old alcohol consumers **(Target),** who are confused in the wine selection and looking for a beverage in the red wine category for casual social occasions **(Frame of Reference)**, Evaristo is the red wine brand that offers uncomplicated, unpretentious and easy-to-drink wine **(Point of Difference)**, produced by Sogrape, a company known for its quality wines and successful brands, and in a wine region known for its truly easy to drink wines **(Reason to Believe)**.

1.4 Positioning and Brand Architecture

Brand architecture strategy is of paramount importance to other strategies when launching a new product. It will finally lead to a selection of the most vital brand elements. Developing a brand architecture strategy involves a three-step process: defining brand potential, identifying brand extension opportunities, and branding new products and services (Keller 2013, 385-401). Positioning is determined as one of the most fundamental characteristics in the first step. As it states the relational and emotional benefits to boost the long-term growth of the company. Being the sub-brand of Sogrape, Evaristo's positioning should be consistent with the overall master-brand Sogrape’s. To evaluate the consistency and reasoning, two strategic tools are introduced – brand portfolios and brand hierarchies. They also help to comprehend how the brands are related and differentiated from each other (Keller 2013, 392).

Sogrape’s brand portfolio is shown in Appendix 4. It contains all brands sold in the alcoholic category. Evaristo will be listed under the Lisbon region wines. From Appendix 5, it is known that the wine category (family brand level) is classified into three brand lines (Modifier Level) – Porto Wines, Fine Wines and Branded Wines. Evaristo is located in branded-wine, which is brand-focused, aiming for a different target with superior quality (Argomaniz, Ricardo Interview 2020). Looking into the positioning of other brands at the same modifier level. Mateus has the positioning as " For customers who wants a relaxing, fun, casual experience from Rosé wine, Mateus is a straightforward brand that offers sophisticate quality with a unique sense of closeness, empathy and relevance, because it has a fresh taste, creative packaging and it is produced from a prestigeful company (Sogrape 2019, 68)." Gazela positions per se as a brand for the young generation as well – "For customers who want an interesting white wine to share with family and friends, Gazela is a brand that offers refreshing and delicious new product options, because it has a light taste with a fruity bouquet and the brand encourages intimacy and promotes joy (Sogrape, 2021)". Both brands aim to provide young consumers a delight, relaxing and fun experience on casual occasions with family and friends. Evaristo keeps consistency with them, meanwhile, fulfilling the customer's category need for red wine. However, it is worthy to discuss another red wine at the same brand line – Silk & Spice – a wine inspired by the interacting story with Asia in The Age of Discovery. Followed this background, its flavor and positioning are exotic and have a great sense of ancient, which is contrary to Evaristo.

In summary, the entry of Evaristo completes Sogrape's brand portfolio. It aligns and strengthens the master brand's positioning - "For consumers who are interested in wine, hard liquor, champagne and sparkling wine, Sogrape is the brand of prestige that offers top-quality options for every need, because it has long-producing history and rigorous traditional family value." Since Evaristo closes the gap between customer's need for causal red wine with Sogrape's current offering. The company improves its role as the most powerful Portuguese wine brand to meet customers' all needs. At the same time, it enriches Sogrape's brand architecture while differentiating with other co-existing brands in terms of category, product attributes, and brand personalities. It avoids cannibalization and makes the brand individualized in comparison to other brands, while also reaching a larger market coverage by positioning Evaristo at the right place in brands' house.

2. Branding

Having substantial brand equity brings significant benefits to a firm. It is an indispensable intangible asset to a company. To build a competitive brand, the Customer-Based-Brand-Equity (CBBE) Model is used. This model is used to answer two vital questions - "What makes a brand strong?" and "How do you build a strong brand?" (Keller 2001, 3). The model suggests a four-step process to build a brand: brand identity, brand meaning, brand responses and finally brand relationships. Being a new brand, Evaristo should first establish a proper brand identity. At this stage, selecting the right brand elements is essential to strengthening brand awareness (Keller 2001, 5). This model is further elaborated below to justify the decisions made for Evaristo.

2.1 Brand Identity

The purpose of brand identity is to set up breadth and depth of brand awareness. It's the cornerstone called Brand Salience of CBBE Pyramid. It answers "who are you?" (Keller 2001, 9). Kapferer's Brand-Identity Prism Model is applied to form the brand identity of Evaristo (Appendix 6). Also, the brand identity for Sogrape is concluded in the same way (Appendix 7). The reasoning and discussion about the interrelation between Sogrape and Evaristo will be detailed in the following six aspects from Prism Model.

Physique: The brand's physical features, which pop into the customer's mind or catch their attention when exposed to the brand. For Evaristo, the design of the packaging is cheerful and lively and the taste is delightful. It helps the brand to get closer to the target customers. On the other hand, being the master brand, Sogrape created a serious image, in order to give their audience a reliable and elegant impression. Meanwhile, the Portuguese-mapped logo shows where the brand comes from. The message behind this is that, despite it being a young brand, it nevertheless has expert backing.

Personality: The brand's character, usually expressed by using the metaphor of a human – if this brand were a person, how the person would be? Evaristo conveys a fun, humorous and easy-going portrait of young people, via specific design features (easy-to-drink flavor, easy-to-open packaging, lively crow logo, and orange-yellow theme color). Sogrape is something akin to the prestigious grandfather in the family; he sports a serious face, and observes his surrounding with intelligence. Furthermore, he has a great sense of responsibility, and will take care of his grandchildren while guide the way simultaneously.

Culture: The guideline and value that a brand follows and believes the connecting the brand and the company. Like many other organizations, Sogrape finds its roots in its motherland, representing Portuguese wine culture. It would be a Portuguese family, who are enthusiastic, hospitable, exhibiting warmth to all, and proud of who they are. They have the blood of a discoverer, which prompts them to innovate and improve.

Relationship: The one between the customer and the brand. It states the role of a brand vis-à-vis target. Overall, Sogrape is an old friend of the customer. A friend who will always be there on every occasion to cheer people up and bring them joy. No matter if it is a casual or serious, happy or upset moment. Sogrape and his family will always be there and provide the best solution.

Reflection of the consumer: How does the brand's typical user look? This identifies the characteristics of potential buyers. The reflection of Evaristo, is mainly young people who love socializing and being open-minded, whilst Sogrape appeals to any individual over 18 that enjoys their life.

Self-image: How the consumers see themselves and what they feel when experiencing the brand. It is crucial to consider the feelings stimulated by the brand. Evaristo is expected to make people feel relaxed and at ease at casual events, without beginning to find it difficult to make decisions right from the get go. At the same time, customers are free from worries about being disappointed when they are expecting a joyful moment; they know that Sogrape is the trusted friend that will always be there with high-quality options for every occasion.

2.2 Brand Elements

From the CBBE model point of view, the brand element is the key bridge that connects the brand and the customer, and is a vital component in building brand salience. It expresses ideas to ensure the audience understands the product and, thus, makes the brand stand out in the competing category. It helps reinforcing brand awareness in two dimensions – depth and breadth. The former refers to how easily people recall and recognise the brand. The latter is the circumstances of purchase and consumption that are related to the brand (Keller 2001, 8).

From the brand architecture perspective, brand elements from different levels should improve each other. When establishing the connection between the brand elements, it is impossible to emphasise all of them. There are three main approaches to do a trade-off. First, the principle of Prominence determines the primary elements and secondary ones. The primary brand element consists of positioning and point-of-difference. Secondary brand elements are usually points-of-parity or an additional point-of-difference to support the associations. The second method is a brand endorsement strategy, which in this circumstance the parent brand should be used as an endorser (Keller 2013, 406-408). In Evaristo's case, it is seen as a new member of Sogrape's brand family. This newbie has a specific different role in the house of brands. The parent brand should perform as an endorsement. In addition, due to this feature of being a house of brands, the third approach is not applicable here. It advises linking brand elements to multiple products at the "horizontal" level. Since every brand in Soprage is designed to meet different needs from different segments and they are seen as different roles in the family. It is not reasonable to have common brand elements; besides association with high-quality and values like "drinking with moderation". The following brand elements (Appendix 8) are chosen according to the six criteria: memorable, meaningful, likable, transferable, adaptable, and protectable (Keller 2013, 142).

Brand name: Evaristo is a character in the well-known Portuguese movie *O Pátio das Cantigas*. The classic scene "Ó Evaristo, tens cá disto?" is famous in Portugal. Therefore, it is familiar and unique for the target, while additionally being easy to pronounce and remember. It also links Sogrape's Portuguese culture and resonates with the Portuguese consumer.

Brand logos and symbols: The crow was chosen to be the brand logo and character. As its legend behind is associating to Lisbon and "Great Journey". The orange-yellow color was selected to be the brand color, because it is proved to hold qualities of arousing and excitement (Labrecque & Milne 2011, 714). With the hand-drawn style and orange-yellow color, the brand shares an energetic, lively, and relaxing feeling. Besides, Sogrape's logo is attached to the back of the label. It shows where the brand belongs and guarantees high quality.

Brand slogans: "Evaristo. Simplesmente isto" was chosen. As it conveys the positioning of the brand in terms of simplifying the red wine category. Also, it rhymes with the name Evaristo. That makes it more memorable and powerful to arise brand awareness.

Brand Packaging: The easy-to-open packaging is proposed for regular (750ml) and small (375ml) bottles. Apart from that, canned wine will be launched as well. The convenient packaging firstly outstands and identifies the brand in the category. Secondly, it aligns to the positioning, making the wine easy-to-drink in every causal occasion, eliminating the drinking and transporting limitation in terms of locations. Thirdly, given the fact that canned wine is not exiting in the Portuguese market yet. It is an innovative idea that highlights the fun positioning and brand identity again.

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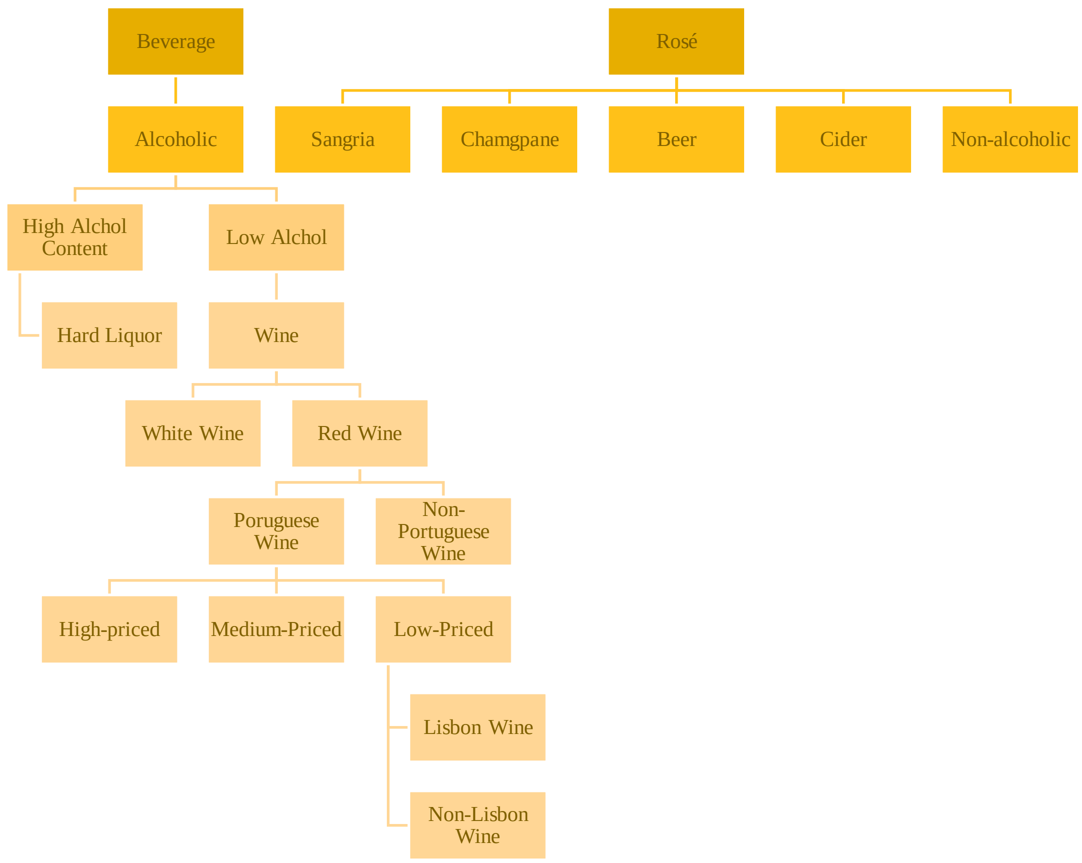
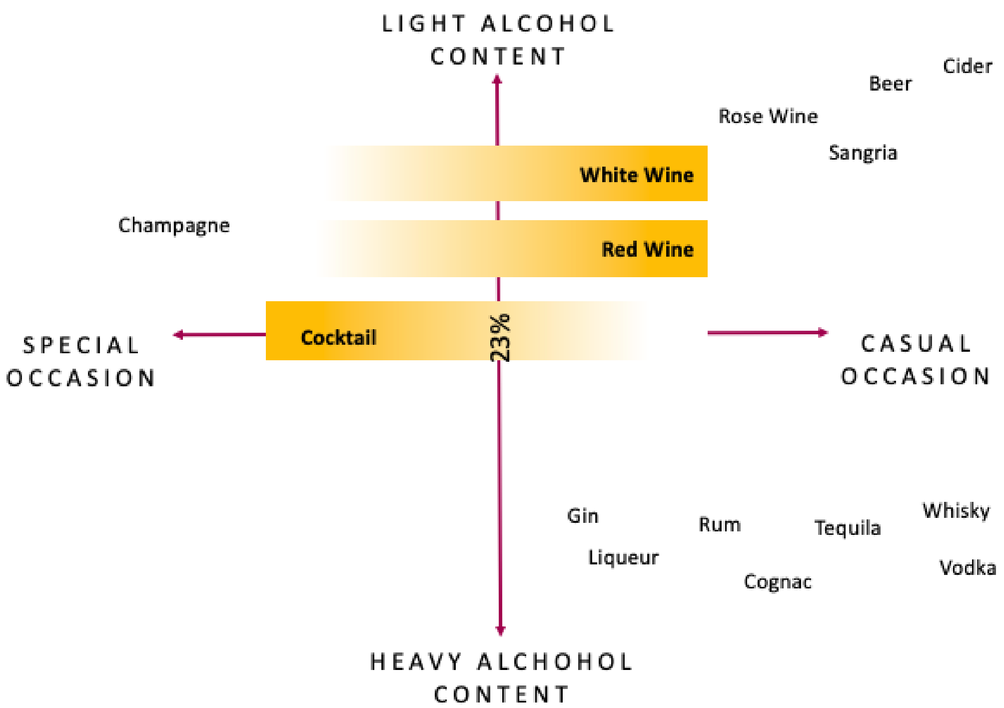
Appendix

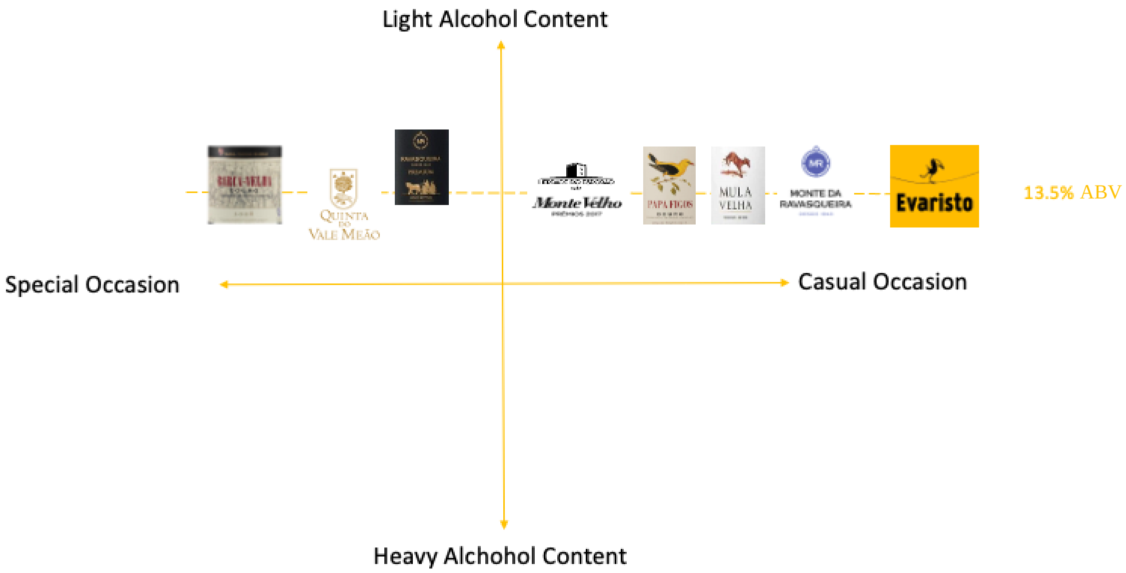
Appendix 1: Hierarchical Partitioning of Beverage Market



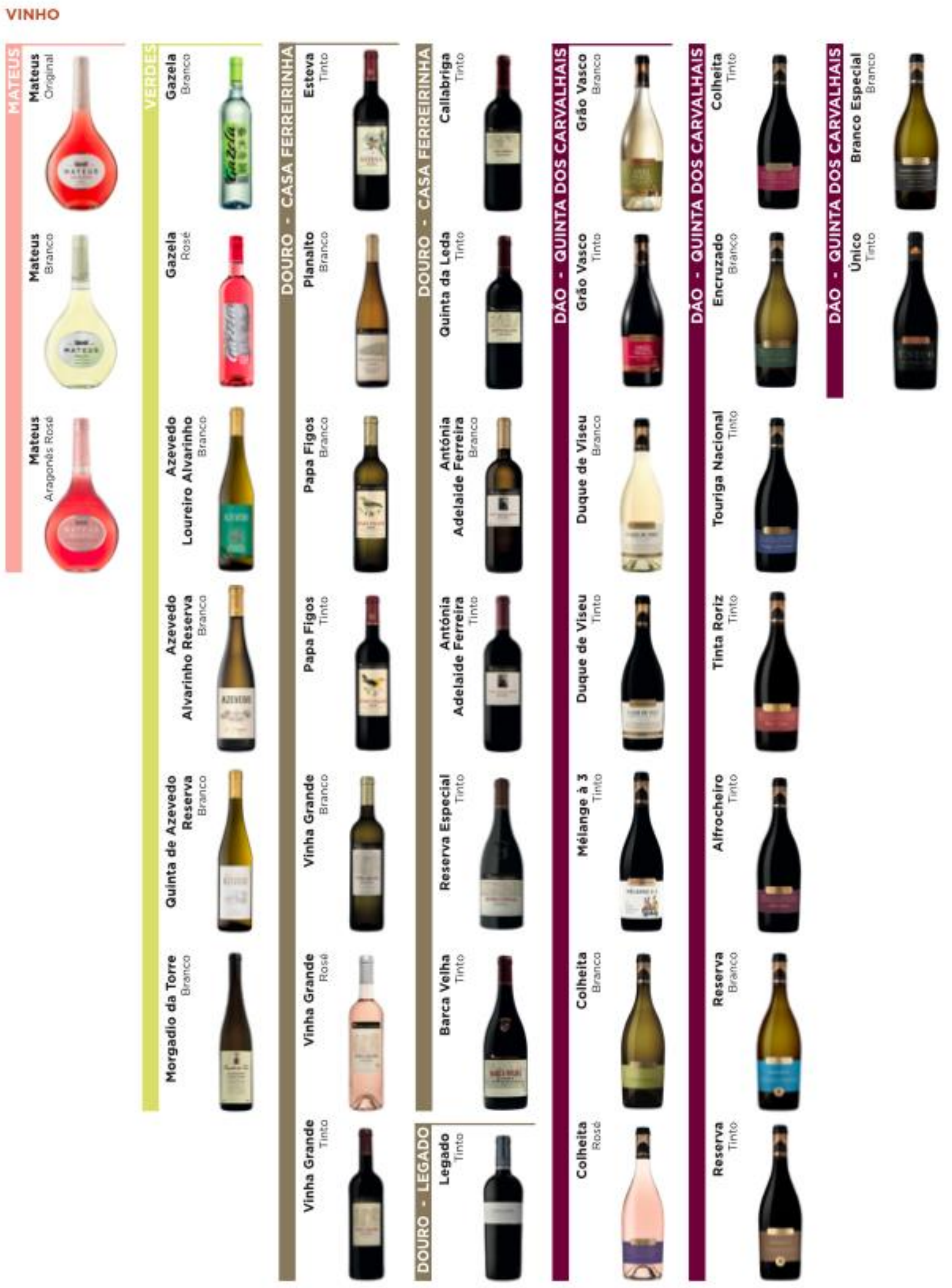
Appendix 2: Perceptual Map of Alcoholic Market



Appendix 3: Perceptual Map of Red Wine Market



Appendix 4: Sogrape Brand Portfolio (Sogrape Distribuição, 2020)



ESPIRITUOSAS

CHAMPAGNE, ESPUMANTE E CAVAS

MATEUS

Mateus Sparkling
Espumante Bruto Rosé

QTA CARVALHAIS

Reserva
Espumante Bruto Rosé

QTA DA ROMEIRA

Qta. da Romeira
Espumante Bruto

GANCIA

Asti
Espumante Doce

Prosecco
Espumante Prosecco

Bruto
Espumante Bruto

GRAND REALE

Grand Reale
Espumante Doce

CODORNÍU

Codorníu Clasico
Espumante Bruto

Codorníu Seleccion Raventos
Espumante Bruto

Codorníu Seleccion Raventos
Espumante Bruto Rosé

Codorníu
Anna

TAITTINGER

Brut Reserve
Champagne Bruto

Prestige Rosé
Champagne Bruto Rosé

Comtes de Champagne
Champagne Bruto

Comtes de Champagne
Champagne Bruto Rosé

VINHO DO PORTO

OFFLEY

Branco | Lágrima | Rosé | Tawny | Ruby | Ruby Reserve

OFFLEY

Barão Forrester 10 Y | Barão Forrester 20 Y | Barão Forrester 30 Y | LBV | Vintage

FERREIRA

Branco | Branco Seco | Lágrima | Tawny | Ruby | Dona Antónia Reserva Branco | Dona Antónia Reserva Tawny

FERREIRA

Dona Antónia Branco 10 Y | Dona Antónia 10 Y | Dona Antónia 20 Y | LBV | Vintage | Vintage Vinhas Velhas

SANDEMAN

White | Tawny | Ruby | Founders Reserve | LBV | 10 Y Tawny | 20 Y Tawny

SANDEMAN

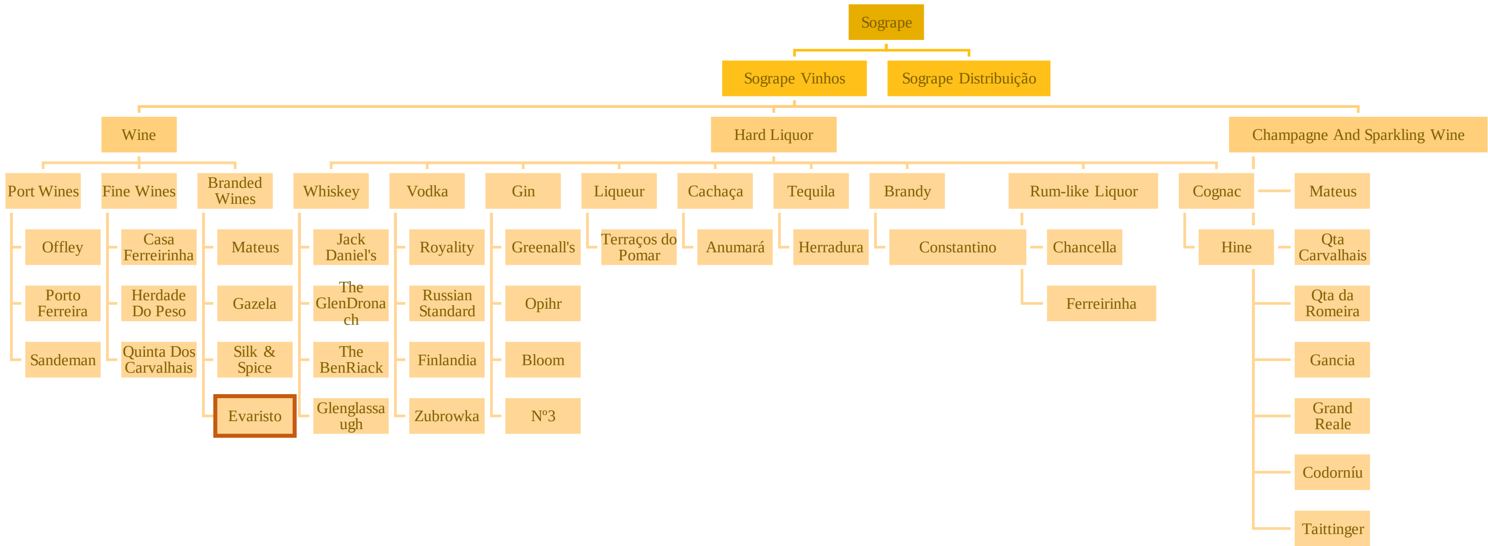
30 Y Tawny | 40 Y Tawny | Vau Vintage | Vintage | Vintage Quinta do Seixo | Edição 225 anos

SHERRY

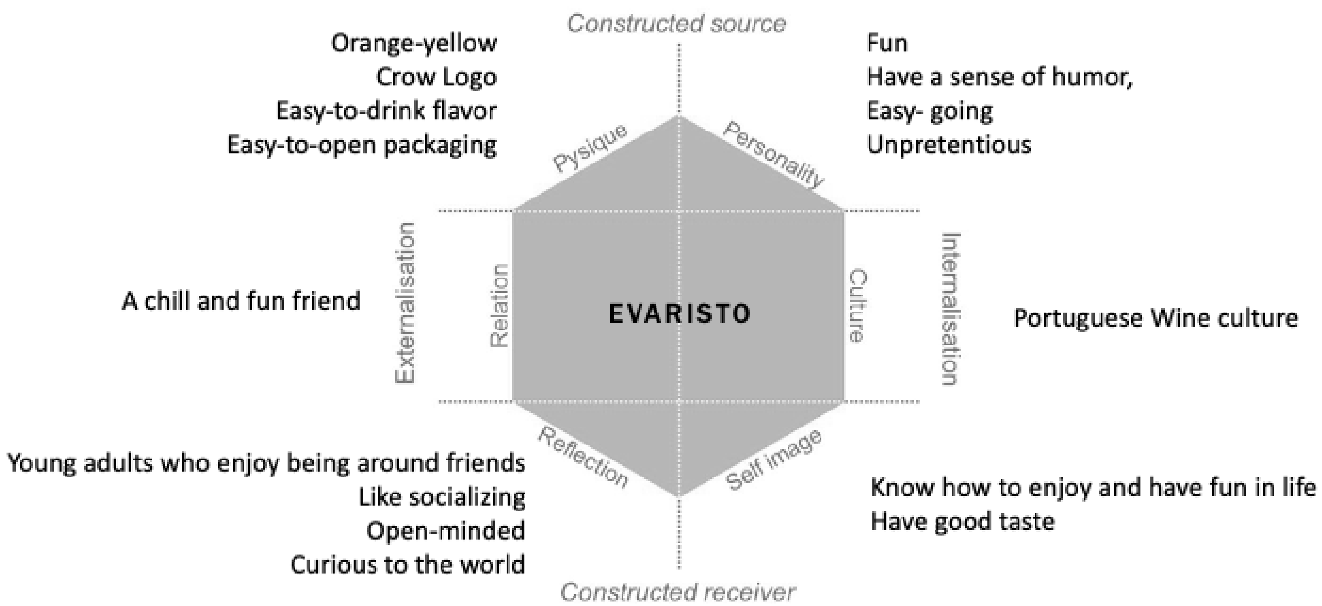
SANDEMAN

Don Superior Fino | Royal Ambrosante

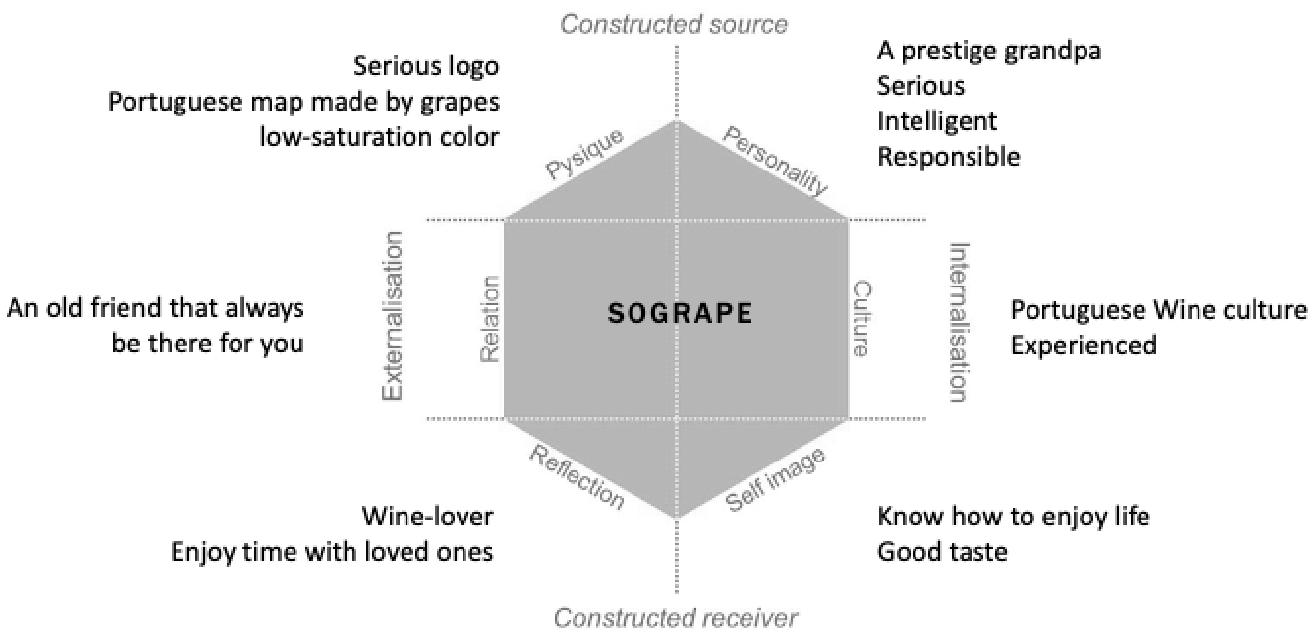
Appendix 5: Brand Architecture (Sogrape Distribuição, 2020; Argomaniz, Ricardo Interview 2020)



Appendix 6: Evaristo Brand Identity Prism



Appendix 7: Sogrape Brand Identity Prism



Appendix 8: Evaristo Brand Elements